OFFICE OF PERSONNEL MANAGEMENT HIRING PROPOSAL

HEARING

BEFORE THE

SUBCOMMITTEE ON CIVIL SERVICE

OF THE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE HOUSE OF REPRESENTATIVES

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OFFICE OF PERSONNEL MANAGEMENT HIRING PROPOSAL

TUESDAY, JULY 12, 1988

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CIVIL SERVICE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, DC.

The subcommittee met, pursuant to call, at 9:20 a.m., in room 311, Cannon House Office Building, Hon. Patricia Schroeder, presiding.

Mrs. SCHROEDER. I want to welcome everybody to this morning's information gathering hearing on the new hiring procedures that were announced by the Office of Personnel Management on June 22. How best to hire entry level professional, administrative, and technical employees has always been a controversial issue, and we scheduled the hearing today to learn what they are proposing at OPM and to identify the questions that must be answered if there is going to be broad policy support for implementation.

Any change from the present situation appears attractive because the current system doesn't do any good for the applicant or for the agency or the merit system. Still, before we leap from this burning building we ought to be sure we know where we are jumping, and today's hearing is supposed to be helping us determine that.

Our witnesses range from zealous opponents to enthusiastic supporters, and I wonder whether everybody is reacting to the same proposal. Or, more precisely, I guess no one knows exactly what the plan includes.

The proposal has two prongs. One prong expands the Outstanding Scholar Program—that is, the direct hiring authority. By the same token, the other prong is more job-related tests coupled with something called an Individual Achievement Record. This Individual Achievement Record is a wholly new idea, and we will be looking forward to finding out more about it.

I want to compliment the OPM Director Constance Horner for her tackling the recruiting and hiring morass. While it is an issue that has been crying out for attention, it would have been politically safer to leave it alone, I guess, for the next administration, and so we appreciate your attempting to go forward with a proposal.

With that, I want to welcome Director Horner and call her forward to give her statement.

We are glad to have you in front of the committee one more time. What we will do is put your whole statement in the record. The floor is yours. Thank you, and welcome.

STATEMENT OF HON. CONSTANCE HORNER, DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT, ACCOMPANIED BY CURTIS J. SMITH, ASSOCIATE DIRECTOR FOR CAREER ENTRY

Mrs. HORNER. Thank you, Madam Chairwoman.

I have with me Curt Smith, the Associate Director for Career Entry at OPM and the responsible official in that area.

Mrs. SCHROEDER. Terrific. Thank you.

Mrs. HORNER. I have a very lengthy statement for the record and a shorter one, which I would like to read, which summarizes that lengthy testimony.

Mrs. SCHROEDER. Absolutely.

Mrs. HORNER. Our new program is designed to replace the Professional and Administrative Career Examination, or PACE, which served as the Government's primary vehicle for hiring college graduates until 1982, and also to replace the interim Schedule B appointing process used over the last 6 years.

I don't have to remind you, Madam Chairwoman and the subcommittee, how difficult and contentious the issue of Civil Service testing and hiring has been. It has, in fact, stirred debate at the highest levels of political and philosophical thought in this country about some of our most profound commitments and beliefs as citizens of this country.

As Americans, we believe deeply in advancement on the basis of merit. We also believe deeply that opportunity for advancement should be available to all. It has not been easy to try to resolve the conflicts arising from the pressure of these principles upon the Federal hiring system.

As a result, as I think you have indicated, what we have today is, in effect, a hiring nonsystem which has a number of crippling flaws. First, that nonsystem is hopelessly ensnared in legal controversy. At times, we seem bound and almost immobilized, like Gulliver, by an intricate and bewildering web of legal edicts, decrees, and suits.

Second, our current nonsystem is slow, confusing, and virtually inaccessible to potential candidates. Federal employment has become an obstacle course rather than an alternative for many American citizens.

Third, because of this system's unintelligibility and impenetrability, the public cannot be certain that it fulfills the spirit of our mandate to hire the most meritorious candidates.

Finally, our nonsystem pays insufficient attention to certain critical qualities we expect to find in our public servants, qualities like moral character and civic virtue that, together with intellectual capacity and technical competence, add up to a complete understanding of merit.

We at OPM have devoted a great deal of thought and effort to devising a new approach to hiring, and we have carefully considered options and weighed competing principles.

The new system we now propose is designed to do a number of things. First, it is designed to recruit and hire the intellectually strongest and most academically accomplished candidates we can attract. It is designed, secondly, to ensure a workplace reflective of American racial and ethnic diversity, one of the chief sources of our national creativity and our social and political stability. Third, it is designed to bring to the Federal Civil Service people possessing civic virtue and moral character. And, fourth, it is designed to link recruitment directly to hiring so that we can find and speedily hire the best there are.

At this point, we have developed a broad outline of the program which we plan to put into effect next spring. We are now discussing our proposal with a wide variety of parties, and I look forward to working with the subcommittee as we move from the planning stage toward implementation in the months ahead.

While our new approach has generally attracted enthusiastic support, some concerns have naturally been raised. For instance, there seems to be some skepticism about our ability to maintain a true merit system if we don't screen candidates through a single general abilities exam like PACE.

PACE was, to be sure, a very useful test in its day. Nonetheless, it had serious deficiencies. Very few minority candidates were hired through this approach, and the litigation it prompted, therefore, is still with us. Furthermore, PACE was designed for a time when large numbers of highly qualified applicants were eager for Federal employment and would, therefore, sit patiently through a cumbersome, time consuming testing and hiring procedure.

Projections show, however, that those days are gone for the foreseeable future, and by that I mean through the end of this century, and that we now face serious shortages of highly skilled labor. As a result, we cannot expect qualified candidates who are being aggressively recruited by the private sector with attractive on-the-spot job offers to come in through the slow, burdensome hiring process that a PACE-like exam would entail.

Finally, general exams like PACE don't tell us much about an applicant's merit beyond verbal and mathematical ability, but the civil service system in this country was originally designed to bring into Government candidates possessing merit in the fullest sense, candidates who were not only intelligent and competent but who were also civic-minded, self-disciplined, cooperative, and prudent.

As Civil Service Commissioner Theodore Roosevelt put it, the merit system demands candidates possessing "such qualities as intelligence, efficiency, readiness, and the like but who are also honest, decent men of good moral standing." In short, a merit system demands civil servants possessing not only intelligence and competence but character as well, a confluence of attributes which cannot be measured through a general abilities exam like PACE alone.

The hiring arrangements we have used since PACE was dropped, especially the Schedule B authority, also have significant flaws. They have given managers more flexibility to seek out and recruit candidates, but because there is no central hiring vehicle the procedures are diffuse and, so, largely invisible and inaccessible to po-

tential candidates. Furthermore, there has been no overall quality control on this process.

As for the 16 job-specific exams we have developed since dropping PACE, they have served us reasonably well, but the development of a full battery of job-specific exams, one for each Federal job classification, is simply out of the question. It would be exorbitantly expensive, it would erect a forbidding labyrinth of tests for potential candidates, and it too would not measure the range of qualities we seek in a public servant.

Given all these concerns, it was clear to us that neither a return to a centralized examination like PACE, nor a continuation of purely agency-based staffing systems like Schedule B, nor the adoption of a full battery of job-specific exams, is practical or desirable. We urgently require a new hiring system, one that draws on the best features of the past and present but one that also moves beyond contentiousness and litigation to focus on the real purpose of merit system, namely bringing candidates of the highest quality into the Federal service.

Our new approach does precisely that. Under our approach, there are two major alternative methods of entry, a highly visible series of job-related competitive examinations which include new measures of personal qualities needed for good job performance, and a separate authorization for agencies to recruit and directly hire candidates with high college grade point averages.

While the direct-hire component of the proposal seems to have attracted the most attention and comment, the examinations are full partners in the new approach. We plan to develop written exams covering virtually all the occupations formerly filled by PACE. Each exam will cover several individual jobs. This approach permits us to use job-related material in each exam, raises the visibility of the examining process, and enables applicants to be considered for more than one job at a time.

Each competitive exam will have two components. One part will include a series of questions or exercises designed to measure the job skills required for the particular group of occupations in which the individual is interested. The other component will be the Individual Achievement Record, or IAR. The IAR is a series of questions about a person's experience and individual success in academic, employment, organizational, and interpersonal endeavors. It also elicits information on self-discipline, leadership qualities, and problem solving.

The combination of the IAR with the job-specific skills test will give us a much more complete and balanced measure of those qualities we seek and expect in public servants. We will be able to locate candidates possessing skill and ability and self-discipline, determination, cooperative spirit, and good judgment. In short, we will be able to find public servants possessing both competence and character. Furthermore, our experiments with the IAR and our experience with job-related tests over the past several years assure us that this approach will produce a work force reflective of America's ethnic and racial diversity.

The other major selection tool we will make available to agencies under our new proposal is the authority to recruit and hire directly candidates with a high college grade point average, or GPA. The

GPA cut-off for direct hire will be in the 3.0 to 3.25 range on a 4.0 scale. Several factors strongly recommend this new selection technique for Government hiring.

GPA is generally regarded as a good measure of educational achievement and intellectual capability and also qualities indicating sound character, such as perseverance and ambition. It has long been used successfully in the private sector as a hiring technique.

Furthermore, use of the GPA will permit us to accelerate the hiring process, thereby strengthening agency recruiting programs. Agencies can hire qualifying graduates on the spot, and so we will be able to compete more effectively with the private sector in the tight labor markets predicted for the near future and, in fact, already upon us in certain occupations.

Finally, it should be noted that we have already employed GPA in some of our hiring approaches and have found it to produce candidates reflective of the ethnic and racial diversity of the American population.

To ensure that all our hiring procedures produce the outstanding candidates we seek, we are at the same time launching a series of exhaustive studies to monitor the quality of those we hire through each of the various approaches over the next few years.

I have outlined today a hiring program that will bring candidates of the highest quality into the Federal Civil Service as we approach the 21st century. We have to strive for nothing less than this because the American people expect it and deserve it. We mustn't accept the misguided notion that the Government has to settle for second best, and we mustn't turn our heads away from the prospect that that could happen if we don't successfully attend to this problem.

A great deal turns on our ability to staff the Civil Service with candidates of the highest quality. It is by no means a parochial concern either for, in fact, nations throughout the world look to the United States for an example of a Civil Service that is responsive, efficient, decent, and free of corruption, and fragile democracies look to us to see how well ours works, and that means how well the implementing arm of democracy works, and that is the Civil Service.

If we are to be that example to the world, if we are to live up to that high trust we hold as the paragon of democratic government, we have to have a Civil Service possessing competence and character, certain of its purpose and proud of its vocation, exercising judgment and discretion in service to the public. I am convinced the hiring plan we are now presenting will give us such a Civil Service.

Madam Chairwoman, I would be happy to answer any questions you have or other Members.

[The statement of Mrs. Horner follows:]

STATEMENT OF

HONORABLE CONSTANCE HORNER, DIRECTOR

U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON CIVIL SERVICE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

U.S. HOUSE OF REPRESENTATIVES

at a hearing on

OPM'S ALTERNATIVE HIRING PROPOSAL

July 12, 1988

Madam Chairwoman and Members of the Subcommittee:

It's a pleasure to be here today, to talk about our proposal for a comprehensive new program to fill career entry-level positions in the Federal service.

The new program is designed to replace the Professional and Administrative Career Examination (PACE), which served as the Government's primary vehicle for hiring college graduates until 1982, and the interim Schedule B appointing process, used over the last six years. It will be used to fill entry-level positions at the GS-5 and 7 levels in over 100 different occupations.

I don't have to remind the Subcommittee how difficult and contentious the issue of civil service testing and hiring has

been. It has, in fact, stirred debate at the highest levels of political and philosophical thought in this country, about some of our most profound commitments and beliefs as citizens of the United States.

As Americans, we believe deeply in advancement on the basis of merit. We also believe, just as deeply, that opportunity for advancement should be available to all. Unfortunately, political and moral failure and demagoguery have too often supplanted courage and truth-telling, as we have tried to resolve the conflict arising from the pressure of these principles upon the Federal hiring system.

As a result, what we have today is, in effect, a hiring non-system, with a number of crippling flaws:

-- That non-system is hopelessly ensnared in legal controversy. We are, for instance, still operating under the strictures of the Luevano consent decree, which effectively debar us from returning to a single, comprehensive PACE-like general abilities exam. At the same time, our use of the Schedule B alternative has likewise been challenged in court. At times, we seem bound and almost immobilized, like Gulliver, by an intricate and bewildering web of legal edicts, decrees, and suits.

-- Our current non-system is slow, confusing, and virtually

inaccessible to potential candidates. Some federal jobs are filled through exams, some are not, and determining which is which is only the beginning of confusion. If the job is filled by exam, the candidate faces a long wait for a job offer, and then it may well come from an agency in which he has no interest. For those jobs not filled by exam, the candidate faces an equally long and exhausting, agency-by-agency job search, with each agency employing a different employment procedure. Federal employment has become an obstacle course, rather than an alternative, for many American citizens.

-- Finally, because of this non-system's unintelligibility and impenetrability, the public cannot be certain that it fulfills the spirit of our mandate to hire the most meritorious candidates. The non-system thus undermines the public's confidence in its servants and its government -- confidence without which this democracy cannot survive.

We at OPM are aware of the shortcomings of the present system. And we are acutely sensitive to the profound political principles and moral values at stake in the controversy over civil service hiring. We have, therefore, devoted a tremendous amount of thought and effort to devising a new approach to hiring, carefully considering options and weighing competing principles.

A task force of OPM psychologists, examination planners, staffing specialists and recruiters launched this effort almost a year ago. We considered carefully, among other things, the many suggestions made to us by various Federal agencies, some of which resembled in their mechanics what we are now proposing. At the same time, however, we returned to "first principles," and considered the truly fundamental questions involved in civil service hiring: What kinds of public servants do we want? And how can we successfully hire them?

The new system we now propose is designed:

-- To bring to the federal civil service people possessing civic virtue and moral character.

-- To recruit and hire the most intellectually strong, academically-accomplished candidates we can attract.

-- To ensure a workplace reflective of American racial and ethnic diversity -- one of the chief sources of our national creativity and our social and political stability.

-- To link recruitment directly to hiring, so that we can find and speedily hire the best there are.

At this point, we have developed the broad outline of a

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program, which we plan to put into effect next spring. We are now discussing this with agency staff, union officials, the plaintiffs in the litigation against the former PACE exam, and other interested parties. I welcome comments and suggestions in this process, and look forward to working with the Subcommittee as we move from the planning stage toward implementation in the months ahead.

Our new approach has attracted enthusiastic support, from parties ranging across the full spectrum of views in the hiring controversy. As would be the case with any new initiative in this area, however, concerns have also been raised. Some wonder, for example, whether the new direct hire procedure will in fact bring the most meritorious candidates into public service. Others have expressed a regret that we cannot return to the days when PACE held sway.

In part, these concerns simply reflect lack of information about the new proposal -- it is still relatively unknown. But another explanation may be the fact that the new system is unfamiliar -- it just doesn t seem to conform to our traditional notion of how civil service jobs should be filled. After all, the reasoning goes, isn't government supposed to use tests, lists, certifications, and other elaborate procedures when it fills jobs?

These preconceptions about merit hiring may be traced to the earliest days of the civil service in the United States. As chartered by the Pendleton Act of 1883, the Civil Service Commission's primary task was to develop a system for staffing the new career civil service. Under the approach the Commission developed, applicants were given written tests, and assigned numerical scores based on their performance. They were then listed on registers with other candidates and selected in exact order of their test score, with very little discretion accorded the selecting officials.

Over time, written tests became synonymous with the merit system itself, in the public imagination. By and large, this remains the case, more than one hundred years later.

The original civil service reformers, however, understood merit in a broader, more profound way. To them, civil service reform was always seen to have two purposes, one practical, and one moral. The practical purpose of a merit system was to recruit public servants possessing the competence and technical proficiency to perform their jobs well. Written tests were designed to accomplish this.

This practical purpose, however, was always considered secondary to a moral one: to secure public servants who were non-partisan, civic-minded, and of the finest character. The early

examinations, therefore, almost always included broad measures of a candidate's education, experience, and character, as well.

One incident from the early days of the Civil Service Commission illustrates the broader notion of merit expected in our public servants. In the late 1880s, an editorial in a Chicago newspaper suggested that the fledgling civil service was not, in fact, based on genuine merit. Because it relied on written tests, the paper insisted, it was really only an "intelligence system," and did not measure the "first requisite of good service of any kind -- character."

One of the Civil Service Commissioners penned a strong rebuttal to the charge. Young Theodore Roosevelt pointed out that the civil service examination did, in fact, include various measures of "a candidate's good character," as well as written tests of intellectual capacity. "Our system certainly can be rightly called the intelligence system," he maintained, "for it does put a premium on such qualities as intelligence, efficiency, readiness, and the like; but it is more just to call it the merit system, for we emphatically demand that all employees of the Government shall be honest, decent men of good moral standing." In short, the original understanding of the merit system demanded both tests of competence, and measures of character.

Without question, the use of written tests to determine an

aspect of merit has served us well, and I believe it will continue to do so for many years to come. It is, therefore, an integral part of our program.

We must remember, however, that written tests do in fact capture only one part of the idea of merit. A truly comprehensive merit system would include other considerations, as well, based in part on the richer, fuller understanding that comes to us from the original civil service reformers.

Let me suggest some of these other considerations:

-- A merit system is one that looks at an applicant's overall achievements and accomplishments -- not just a score on a general ability test. It looks at the whole person, the character an individual brings to the workplace, including self-discipline, ability to work cooperatively with others, leadership qualities, and problem-solving ability.

-- A merit system is a hiring approach that is simple and visible, and that is accessible to all citizens. People who want to work for the Federal Government should not have to go to extraordinary lengths to find out about Federal employment opportunities. The application process should be simple and clear. The recruiting materials should be bright and attractive. The hiring process itself should be quick and efficient.

-- A merit system should be flexible enough to give selecting officials a clear incentive to seek out and hire the best candidates, not just those patient or persistent enough to wait for a job offer after taking a written test. It would thereby increase the likelihood that the Federal Government will secure the best talent available.

-- A merit system should provide fair and equitable employment opportunities to all segments of American society. A hiring approach producing a workforce unreflective of the nation's racial and ethnic diversity would be seriously flawed, both philosophically and practically. Underrepresentation--either in reality, or in appearance -- would seriously undercut a government's effectiveness and moral authority. And litigation nominally aimed at correcting such defects inevitably disrupts the recruitment of bright, young people, thus hampering further the acquisition of merit.

-- Finally, a merit system employs personnel measurement techniques of the highest quality in the selection process, and provides those hired with full mobility and career progression opportunities.

The hiring approaches we've used over the last fifteen years -- first PACE, and then the Schedule B hiring authority and job-

specific exams which replaced it -- have supplied some, but by no means all, of these elements.

PACE, of course, was the comprehensive, general ability examination introduced in 1974, to fill GS-5 and 7, entry-level positions in 118 professional and administrative occupations. It was highly visible to applicants; it was economical to administer; and it was considered to have a high level of validity.

As useful a test as PACE was, however, it had serious deficiencies. General exams like PACE didn't tell us much about our applicants beyond verbal and mathematical ability. It told us nothing, for instance, about a candidate's character. Furthermore, very few minority candidates were hired under PACE. The litigation this provoked led ultimately to the test's demise.

At any rate, PACE, or a test like PACE, would not serve us very well in the kind of labor market we face today and in the near future. Its effectiveness rested on one crucial assumption about civil service hiring: that large numbers of highly-qualified applicants were eager for federal employment, and would therefore wait patiently until their name came up for selection on a civil service register.

This was a sound approach when we were attracting over

200,000 applicants a year for only 6,000 jobs, as we were in 1977. It is a foolish approach, however, for dealing with the shortages of qualified candidates that we expect over the next decade.

Under traditional competitive exams like PACE, agencies had no incentive to conduct recruiting programs, since every candidate had to go through a centralized testing process. Imagine how you would feel as a bright young graduate in this situation, having just been interviewed by a Federal recruiter. You have a 3.4 in a discipline her agency needs badly, but all she can say to you is: "We'd love to have you with us, but first you have to file an application; then you have to take a test; then you will be put on a list; and then we'll try to reach you. But remember, we can't promise you anything." Some recruiting pitch!

Today, many such candidates are not even bothering to apply to Federal agencies or to take our tests -- and understandably. After all, why should they, when the private sector comes to them with quick, guaranteed job offers? And imagine what the situation will be like over the next decade when, as the Labor Department's Workforce 2000 warns us, the pool of young workers will shrink to its lowest point since the 1930s -- when, as former Labor Secretary Brock put it recently, we may simply run out of people to fill our jobs.

The hiring arrangements we've used since PACE was dropped also have significant flaws, of course. They have given managers more flexibility to seek out and recruit candidates. But because there is no central hiring vehicle, the procedures are diffuse, and so largely invisible and inaccessible to potential candidates. The public remains unaware of Federal employment opportunities. Furthermore, while agencies have generally expressed satisfaction with the candidates employed under these arrangements, there has been no overall quality control on the process.

The Schedule B process used by some agencies has also proven cumbersome. Agencies had to request specific authority to use it; candidates received only "excepted" appointments, which some feared would limit mobility and promotional opportunities; and initially, employees were forced to compete on a civil service examination to go beyond GS-7.

Like PACE, the Schedule B hiring approach has also prompted litigation. This has merely added to the contention and uncertainty surrounding federal hiring, thus eroding further the government's ability to attract the best candidates.

As for the sixteen job-specific exams we have developed since dropping PACE, they have served us reasonably well. But we must be clear about one thing: the development of a full battery

of job-specific exams, one for each federal job classification, is out of the question. It would be manifestly impractical and ineffective, and exorbitantly expensive. A decent exam costs about $3/4 million to develop. Multiply that by 118 job categories, and you begin to realize how much that approach would cost us.

Job specific exams, furthermore, would do nothing to make federal jobs more attractive or accessible. If candidates wanted to be considered for a wide variety of positions, as most do, they would have to take a wide variety of exams. And if the thought of just one exam repels qualified candidates today, imagine what the prospect of a whole battery of tests would do to federal hiring.

Finally, job specific exams look only at the narrow, particular technical skills required for the immediate, entry level position. They tell us nothing about a candidate's potential to rise through the federal ranks, to senior management positions. But recruits for these entry-level jobs are precisely the ones who will someday make the crucial administrative decisions for our democracy -- decisions that demand far more than job-specific skills.

Given these concerns, it is clear that neither a return to a centralized examination like PACE, nor a continuation of purely

agency-based staffing systems like Schedule B, nor the adoption of a full battery of job-specific exams, is practical or desirable. We urgently require a new hiring system, one that draws on the best features of the past and present, but one that also moves beyond contentiousness and litigation to focus on the real purpose of a merit system -- bringing candidates of the highest quality into the federal service.

Our new proposal does precisely that. It provides managers with a variety of staffing vehicles to fill federal jobs. This, coupled with greater emphasis on recruiting, should enable agencies to obtain highly qualified candidates, even in the tight labor market we are entering.

Under our new approach, there are two major alternative methods of entry -- a highly visible series of job-related competitive examinations, which include new measures of personal qualities needed for good job performance, and a separate authorization for agencies to recruit and directly hire candidates with high college grade-point averages. This combined approach enables us to identify and hire quickly the best graduates, while at the same time insuring that we overlook no one who is attracted to work in the Federal Government.

While the direct hire component of the proposal seems to have attracted the most attention and comment, the examinations

are full partners in the new approach. We plan to develop written exams, covering virtually all the occupations formerly filled by PACE. Each exam will cover several individual jobs. This approach permits us to use job-related material in each exam, raises the visibility of the examining process, and enables applicants to be considered for more than one job at a time.

Each competitive exam will have two components. One part will include a series of questions or exercises related to the particular group of occupations in which the individual is interested. This skills test portion resembles the job specific-exams we have developed since PACE, because it tests only the skills required for the particular jobs covered in that specific group of occupations.

The questions on each skills test will frequently use actual job materials or will be directed toward activities performed on the job. For example, to test for jobs in the financial group--which might include such occupations as budget analyst, financial officer, and loan specialist -- we might use different types of computation problems.

This approach differs dramatically from PACE, which employed a single set of questions for all the jobs it covered. Over the past six years, we have learned a great deal about constructing effective, job-specific exams of this nature.

The other component of the written examination will be the Individual Achievement Record (IAR). The IAR is a series of questions about a person's experience and individual success in academic, employment, organizational, and interpersonal endeavors.

The questions resemble those one would encounter in a personal interview, examining such things as grades received in school, the number and types of jobs held previously, and participation in clubs, sports, and other organized activities in high school, college and the community. The test also elicits information on self-discipline, leadership qualities, and problem solving. It is, in short, a measure of a candidate's character.

Unlike a personal interview, however, the IAR consists of multiple choice questions that can be machine graded. Evaluation, therefore, is fast -- and objective, rather than subjective.

Over 12,000 employees and supervisors took part in the research studies used to develop the IAR questions. We administered versions of the IAR to employees, and then asked their immediate supervisors to rate their subsequent performance on the job. For that purpose, supervisors used a special job-specific rating procedure developed just for this research

project -- which ensured that the performance rating was not confounded by other factors such as favoritism, or the tendency of ratings all to be similar.

The questions we now propose to include on the IAR will be strictly those that show real differences in the answers given by those who perform well on the job, as opposed to those who do not. Scoring will also be based on that consideration.

Although the IAR will be new to the Federal Government, it is by no means an untried concept. Similar procedures have been used successfully by the private sector for many years. They had not been introduced previously into the public sector, however, because they frequently included questions we considered inappropriate for a merit system. In our research, therefore, we reviewed all questions carefully, in order to eliminate those reflecting demographic or socio-economic factors that were beyond the control of the individual, or that we would be prohibited by law, regulation -- or just good common sense -- from asking.

For example, we removed questions about parents' education, or income levels. While we thereby risked lowering the effectiveness of the exam, we found that this did not, in fact, occur. The effectiveness, or "validity," of our carefully modified instrument was nearly as high as that found in the broader private sector versions.

Our studies have also yielded encouraging results in terms of minority hiring. Although there are small differences between average scores of Blacks and Whites, for example, these differences are considerably less than those usually found on written, general ability tests. At the same time, the IAR has proven as effective at identifying high quality job candidates as written, general ability tests.

More important, the combination of the IAR with the job specific skills tests will give us a much more complete and balanced measure of those qualities we seek and expect in public servants. We will be able to locate candidates possessing skill and ability, and self-discipline, determination, cooperative spirit, and good judgment. In short, we will be able to find public servants possessing both competence and character.

In our testing approach, a candidate will receive a single score, combining the results of the job related component and the IAR. The details of scoring will be determined after careful study and further research. Veterans' preference points will be added to this score, as appropriate. The individual will then be placed on a civil service register along with other candidates, for review by agencies.

By making available an examination procedure, we open the

system to candidates whose grades fall below the cutoff for direct hire -- they may demonstrate, through a strong performance on the examination, their qualification for government service. Indeed, to all individuals who are interested in government service -- those who have not gone to college, as well as those who have -- the exams provide a simple, visible means to compete for positions. Use of job-related written exams will also help insure that the Government's workforce reflects the society it serves.

The other major selection tool we will make available to agencies under our new proposal is the authority to recruit and hire directly candidates with a high college grade point average (GPA). Like the written tests we propose to use, this authorization will apply to positions at the GS-5 and 7 levels in all occupations covered by the new program. The GPA cutoff for direct hire will be in the 3.0 to 3.25 range (on a 4.0 scale). This will give us access to the top quartile of college graduates.

Once agency recruiters locate candidates who have earned the requisite GPA, they can interview them, apply job related selection criteria, and hire them. Veterans will, of course, receive preference. OPM will monitor this process carefully, to insure that all relevant regulations and statutes are observed, and that those selected meet the criteria for direct hire

eligibility.

Several factors strongly recommend this new selection technique for government hiring. GPA is generally regarded as a good measure of educational achievement and intellectual capability -- and also qualities indicating sound character, such as perseverance and ambition. It is, of course, used widely by private industry to assess job candidates. We believe, therefore, that GPA is a sound indicator of applicant quality. We have already used this approach in a number of ways over the years, and experience has confirmed our belief.

Use of the GPA will also permit us to accelerate the hiring process, thereby strengthening agency recruiting programs. As things stand now, college graduates with high GPAs are bombarded with numerous, attractive job offers by the private sector, and so are unlikely to submit themselves to our written tests. Direct hire authority, however, will enable agencies to recruit outstanding scholars aggressively, and make them quick job offers. This is absolutely essential, if we hope to compete in the tight labor market predicted for the coming decade.

To insure that <u>all</u> our hiring procedures produce the outstanding candidates we seek, we will monitor carefully the quality of those we hire over the next few years. While this is nothing radically new -- we have always studied the relationship

of scores on our exams to actual job performance, as required by regulation -- nonetheless, we propose to expand those studies dramatically.

We will launch a series of studies to measure and track the quality of the candidates we attract, and the selections we make. For that purpose, we will collect information on a number of indicators of quality -- work experience, level of education, grades, class standing, and community leadership, for example. Using this information, we will compare carefully the workers hired though the several avenues of entry proposed in our new program.

We will thereby measure not only the effectiveness of a single hiring procedure, but -- for the first time -- we will be able to evaluate and compare meaningfully <u>different</u> approaches to hiring. And if parts of the programs don't perform as expected, we will discover it -- and we will correct it.

In addition to our two major staffing approaches, we will continue to provide special access to entry-level positions for individuals who complete cooperative education work-study programs in Federal agencies, and Vietnam-era veterans eligible for Veterans Readjustment Appointments.

Current Federal employees will also continue to have access

to GS-5 and 7 positions through their agencies' upward mobility programs. Today, almost 75% of the selections for these positions are made through these programs. We expect substantial percentages of selections in the future will be made in this manner. In addition, our new program will permit current employees to compete for these jobs through examination--something they cannot do now.

I have outlined today a hiring program that will bring candidates of the highest quality into the Federal civil service, as we approach the 21st Century. We must strive for nothing less, because the American people expect, and deserve, nothing less. We must not accept the misguided notion that the Government has to settle for second-best, or that we have to rely on slow, inefficient hiring procedures simply because it's always been done that way.

A great deal turns on our ability to staff the civil service with candidates of the highest quality. It is by no means a parochial concern. Wherever I have gone to talk with heads of foreign civil services and other foreign government officials, I have been struck by the degree to which they measure the success of democratic government by the success of American government. And how successful American democracy is depends in great measure on the efficiency, effectiveness, and responsiveness of democracy's implementing arm -- the civil service.

The observation by Dorman Eaton, the first head of the Civil Service Commission, is therefore as compelling today as when he first uttered it over a century ago: "As the oldest and the most powerful republican nation -- as the example to which young republics turn for wisdom and experience -- the character of public administration in the United States does not concern merely . . . her own people, but the republican cause and the fate of free institutions in every quarter of the globe now and for ages to come."

If we are to be that example to the free world -- if we are to live up to that high trust -- we must have a civil service possessing competence and character, certain of its purpose and proud of its vocation, exercising judgment and discretion in service to the public. The hiring plan I have presented today, I am convinced, will help us maintain the American civil service as a model for the world.

Mrs. SCHROEDER. Thank you very much, and I must say, we always have more questions than time so what I will do is send some of the questions to you afterwards. Let me ask a few now, however, because I think some of the things we are going to hear later we can answer in advance.

If the Outstanding Scholar Program is a direct agency hire authority, how does OPM plan to ensure that nepotism or politicization or cronyism don't creep into it? How are you going to audit the agencies, or will you audit the agencies, or how will you really check that out?

Mrs. HORNER. Yes, it is very important, obviously, that this not occur and that we ensure that it not occur. I'll discuss measures in a moment that would, I think, ensure that it not occur.

But let me say first that during the late sixties and early seventies we had a similar hiring procedure under the Federal Service Entrance Exam, and in that period and under Schedule B and under the Outstanding Scholar Program we have had no history of abuse on those counts. So that gives us a degree of confidence as we embark upon the undertaking. But, again, we have to make sure that there are methods that would deter abuse.

First of all, I think that the hiring process is very diffuse. One person rarely or never oversees the hiring process from recruitment through hire, and therefore the mere presence of a number of career officials involved in this process is one deterrent.

Nepotism is obviously illegal, and we have a variety of mechanisms to cope with that. We have, for instance, agency internal evaluations; OPM evaluation, which would probably have to be strong, very strong in cases like this; we have the inspectors general; and then for the applicant who feels his or her application was prejudiced by nepotism or other abuse we have the EEOC for certain categories, and we have the MSPB. We have a large number of mechanisms available to assure that abuse does not occur.

Mrs. SCHROEDER. You mentioned character several times and how this record is going to manifest character. How do you keep that from becoming a personality test?

Mrs. HORNER. That is very important. Are you referring to the Individual Achievement Record exam?

Mrs. SCHROEDER. Yes.

Mrs. HORNER. It is not a personality examination, it is an examination which asks questions designed to elicit answers which are highly correlated with successful job performance.

First of all, this has been used in the private sector with a great deal of success, so it is not something the Government is embarking upon de novo. We field tested this examination with 6,000 onboard Federal employees to ascertain whether our version of it would indeed correlate with job performance. We were rigorous in excising any questions we felt were inappropriate to the Federal service which might be used in the private sector, questions, for instance, having to do with family income level.

I am very confident that this test will be rigorously job-correlated. We will assess the outcome rigorously and continuously to make sure that it is, and I think those who are familiar with this kind of test recognize that it is not perhaps as politically interesting as it sounds, it is really quite mundane.

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Mrs. SCHROEDER. What about the MSPB report today that came out on college recruiting? It says if the Government wants to recruit it should make job information easily accessible and aggressively recruit on campus. Have you seen it, and do you plan to look at some of their recommendations and implement them?

Mrs. HORNER. I certainly will look at the recommendations. It is probable that I will discover among the recommendations some things we have just recently done.

We have been engaged in a massive relationship with college recruiting officers over the last year. We are putting in technology which will allow them to call up computerized listings of Federal jobs, we have revitalized our participation in college recruiting councils, put resources on to the college campuses, held job fairs, and so on. So I would be interested to see what, in addition, MSPB might have to offer, but I am confident we are doing quite a bit in that area.

Mrs. SCHROEDER. If you walked me through the job-specific test and the Individual Achievement Record process, how long do you anticipate it will take from the initial application until an offer can be made? What is your projection on that?

Mr. SMITH. If we use the normal system where there aren't any labor market or emergency pressures, it will probably take two or three weeks. We will be technically capable where there is a particular crisis for an agency to move it within a matter of days.

Mrs. HORNER. We have introduced a new technology, scanners, to grade our tests, and that has made it possible for us to do it very quickly and on the spot in many cases.

Mrs. SCHROEDER. I wish I could go into more detail, but I think we will include it in the record, if that is all right. We will make kind of a take-home exam so the record is a little more complete and we won't have to hold all the wonderful witnesses that we have waiting so patiently.

Thank you again. We appreciate your being here, and we will send some questions that go into further detail. Thank you.

Mrs. HORNER. Thank you very much.

[The questions follow:]

Honorable Patricia Schroeder
Chairwoman
Subcommittee on Civil Service
Committee on Post Office and
Civil Service
U.S. House of Representatives
Washington, D.C. 20515

Dear Mrs. Schroeder:

I am enclosing responses to the questions you sent on our new hiring program, following up on the Subcommittee's hearing on July 12, 1988.

Please note that, in response to question 20, we are offering to brief the Subcommittee or your staff on the Individual Achievement Record, rather than providing a copy to appear in the public record, since public disclosure of the exact contents of this examination material could invalidate its use. Your staff may contact Curtis J. Smith, our Associate Director for Career Entry, to arrange for such a briefing (telephone: 632-6005).

Thank you for the opportunity to provide these answers for the hearing record.

Sincerely,

Constance Horner

Constance Horner
Director

Enclosure

1. The Carter Administration's proposal for the Civil Service Reform Act permitted the Director of the Office of Personnel Management to delegate examining functions to agencies. This power was severely limited by Congress to forbid delegations except for occupations unique to an agency. Does your proposal meet the tests of section 1104(a) of title 5, United States Code?

A. Yes. The proposed examinations are OPM examinations and are not delegated to agencies; thus, the examinations do not conflict with section 1104. Rather, the proposed procedures include a direct hire provision that currently exists in other OPM examinations (and existed in such examinations before the Civil Service Reform Act provided the section 1104 delegation authority). Further, the authority for direct hire of outstanding scholars in positions formerly covered by the Professional and Administrative Career Examination flows from the Luevano consent decree, which authorized this special provision. It is our intention to work with the plaintiffs to modify and expand the current decree to permit use of a grade point average (GPA) below the currently authorized 3.5 level, which will further the objectives of this authority and the merit system.

2. How do you plan to measure the quality of new entrants to see whether this new system is working? What indicators do you plan to use for quality?

A. We plan to measure the quality of new entrants through one of the most extensive assessments of the effectiveness (i.e., validity) of selection methods ever conducted by the Federal Government or private enterprise. Specifically, we plan to submit separately each of the components of the new system to every applicable validation method that exists in industrial/organizational psychology and we plan subsequently to conduct comparative validity studies on these components. In these studies, the indicator to be used will be the job performance of entrants from the different vehicles of intake. A correlation coefficient between job performance and "predictor" (selection method) will demonstrate the effectiveness (validity) of each predictor. Job performance will be assessed through a special performance evaluation form which will evaluate each entrant in terms of each essential job duty. These performance evaluation forms are regularly used in validation studies and are designed jointly by industrial/organizational psychologists and job experts from the occupations covered by each examination.

In addition to the validation studies, which will assess the quality of new entrants, we are instituting a program to assess the quality of the applicant pool and to carry out comparative studies on the quality of the applicant pool vis-a-vis the quality of hires and retained employees.

3. The wide flexibilities contained in the OPM plan could permit the hiring of more blacks and Hispanics. They could also be used to discriminate against blacks and Hispanics. What assurances are there that the plan will be used for building a representative workforce?

A. For many years, Government EEO efforts have focused on making the individual agency, and often the individual manager, accountable for developing and maintaining a representative workforce.

The system used to fill jobs in the past, however, has given managers very few options to carry out this responsibility for affirmative action. Under the traditional civil service examining system, managers were required to select from a list of qualified candidates in basic score order. There was little flexibility in this system and no incentive to recruit candidates, since they would still have to go through this lengthy and complex examining process, without any guarantee of final selection.

Under our new program, agencies will have an increased incentive to recruit, and they can use this expanded flexibility to seek out highly qualified minority candidates. This is borne out by the experience we have had with the Schedule B authority, through which agencies were able to increase substantially the percentage of minority candidates coming into these jobs.

The effect of our new program will thus be to give managers more authority to carry out their responsibility for providing equal employment opportunity.

4. Virtually all recent PACE-type hires have come through upward mobility, cooperative education programs and the like. Why do you believe that the expansion of the Outstanding Scholar program and the new job specific tests with an Individual Achievement Record will prove more attractive than these traditional means of making appointments? Is it important that these new hiring authorities supplant the traditional ones?

A. We do not intend or expect the new procedures to supplant proven staffing methods. I think that one of the basic strengths of our career intake program is that it draws on a wide variety of sources to fill entry-level jobs. These sources have always included hiring programs for both internal and external candidates.

Over the last few years, however, agencies have made very limited use of external programs to fill their jobs. There are many reasons for this. You will remember that when the Luevano Consent Decree became effective many agencies were reducing staff size. Some were conducting reductions in force. Many others had frozen outside hires. In 1982 outside hires from all sources, including PACE, made up only about 26 percent of intake into GS-5 and 7 PAC occupations. Since then, the lack of competitive examinations for many of these jobs and the unwieldy nature of the replacement Schedule B authority have been major considerations.

This lack of external hiring activity has hurt the image and visibility of the Federal Government as an employer on many college campuses, as noted in a recent report of the Merit Systems Protection Board. What we seek to do is to restore a viable outside hiring mechanism as part of the overall staffing process. We believe the new procedures will give agencies improved access to the best talent available and enable them to develop effective recruiting programs to deal with the severe staffing shortages which will occur over the next decade.

5. What has been the quality of hires under the Schedule B hiring authority?

A. We have no overall data on the quality of Schedule B hires, but several agencies have reported good results. The Treasury Department told us, for example, that its Schedule B applicants usually had a higher incidence of graduate and undergraduate degrees than candidates from other sources, and were generally more willing to relocate. The Department of the Army has indicated that both the educational level and the average performance rating of its GS-5 to 9 workforce have increased since it began using the Schedule B authority.

Both of these agencies, and others who have used the Schedule B authority, have indicated that one of its best features is that it enables agencies to conduct strong recruiting programs. We have incorporated this feature in our new hiring program.

6. Have agencies abused the Schedule B Authority?

A. We are not aware of any abuse of the Schedule B hiring authority. Of course, mistakes occur under any personnel authority. We have found a few cases -- since corrected -- where veteran preference was applied incorrectly or appointments were made in occupations the authority doesn't cover. However, these scattered instances do not represent any pattern of abuse or misuse of the Schedule B authority. The Merit Systems Protection Board and the General Accounting Office have also reviewed the authority without, as far as we know, finding any abuse.

7. You stated there had been better minority representation under Schedule B. What made this possible?

A. There could be many reasons. Agencies have attributed their minority hiring success to the ability to seek out and recruit candidates, which the Schedule B authority makes possible. Agencies can focus their recruiting efforts where they are most likely to be productive -- for example at colleges with good programs in fields related to the agencies' jobs. Of course, this doesn't benefit only minorities. One agency has told us that 95 percent of all applicants it recruited qualified for its jobs. However, the improved quality certainly enhances affirmative employment efforts since the minority candidates recruited are more likely to be seriously interested, to be well qualified, and thus to be hired.

8. What discussions have been held with each of the following groups concerning the development and implementation of this proposal:

   a. Plaintiffs' attorneys in Luevano v. Horner

      - We have discussed the hiring plan with the plaintiffs' attorneys on several occasions, both before and after its public announcement, and these discussions are continuing.

   b. Civil rights organizations

      - We have provided basic information on the plan to all major civil rights organizations. We are meeting with representatives of IMAGE this week to discuss the plan, and will meet with other similar groups in the future.

   c. Federal employee organizations, including unions.

      - We have provided briefings on the plan to representatives of the American Federation of Government Employees (AFGE), the National Federation of Federal Employees (NFFE), and the National Treasury Employees Union (NTEU).

      - We have also briefed the Classification and Compensation Society and plan to make presentations to several other organizations of this type.

   d. Veterans organizations

      - We have discussed the new proposal with representatives of veterans organizations, including the Veterans of Foreign Wars, the American Legion, and AMVETS.

   e. Federal agency officials

      - We sent copies of our new hiring proposal to headquarters personnel directors of all Federal agencies and have also met with a smaller group to discuss the proposal.

      - When we have prepared the detailed operating guidelines for the program this fall we plan to circulate them in draft form and discuss them further with Federal agency officials.

      - We have also begun an effort to acquaint officials in the field with the new program. OPM officials are briefing groups like the Southeastern Federal Recruiting Council on the Program. We have also prepared a videotaped presentation on the new program which will be circulated in the field.

9. Under the Outstanding Scholar program, agencies will have direct hiring authority. How will veterans preference be included in this procedure?

A. Under our usual and existing direct hire procedures, agencies are not required to rate and rank candidates once they have identified those who meet the basic eligibility criteria for direct hire. Veterans preference, however, will be a selection factor when agencies recruit candidates for the new program and identify a preference eligible among those who have the required grade point average. Since the Outstanding Scholar program essentially flows from the Luevano consent decree, the specific procedure we use to do this will be in conformance with our obligation under that court order.

10. Under the Outstanding Scholar program, are there other criteria -- besides grade point average -- agencies must use in selecting employees? Is the requirement of "fair and open competition which assures that all receive equal opportunity" met by this?

A. Of course, outstanding scholars will have to meet all qualification requirements for the jobs they fill, including any requirements for specialized experience or education.

The Outstanding Scholar program is only one way for candidates to enter the Federal service. We will of course also have traditional competitive examinations in place covering all these occupations, which will allow applicants of all types to apply and receive consideration for these positions. The cooperative education program, as you have already noted, is another popular hiring method. Some agencies use the veterans readjustment authority to fill PAC jobs where experience is as valuable as formal education. We expect that employees will come from all these sources. Although use of the Outstanding Scholar program has increased greatly in the past 2 years, outstanding scholars still make up a relatively small percentage of total PAC hires. Their employment has not closed off opportunities for others, and that fact is likely to be even more true in the coming years.

The demographic data point to an increase in jobs requiring education beyond high school and a decrease in candidates who qualify for them. All applicants with the knowledge and skills needed for PAC jobs should have ample opportunity to compete. Those with the best preparation -- including outstanding scholars -- are most likely to compete successfully. In practice, this program is like any other direct-hire authority. It identifies candidates who would almost certainly come within reach for selection and lets agencies hire them without going through time-consuming procedures, during which the candidates might get other offers and be lost to the Government.

11. How many Outstanding Scholar appointments have been made for each of the past five years? Do you consider this number low? How much difference will lowering the threshold make?

A. Numbers of Outstanding Scholar appointments were: 1987 -- 855; 1986 -- 237; 1985 -- 6; 1983/84 -- 0. The numbers of appointments in early years were low, probably because many hiring offices were not aware of the authority or were not sure how to apply it. We issued an FPM bulletin in 1986 reminding agencies of the procedures for making Outstanding Scholar appointments. As you see, use of the authority jumped. In 1987, outstanding scholars represented just over eight percent of outside hires to GS-5 and 7 PAC jobs. This percentage may increase in coming years. Lowering the GPA requirement may increase the pool of outstanding scholars. However, use of the Outstanding Scholar authority will depend on many factors -- including agencies' budget situation, candidates' perception of Government work, and the quality of applicants available from other sources -- not only on the potential supply of outstanding scholars. We do not expect that the number of Outstanding Scholar hires will ever be large enough to curtail opportunities for other applicants.

12. What factors will you consider in deciding whether the direct hire proposal cut-off will be 3.0 or 3.25 ?

A. Our intention is to establish a GPA level which will give agencies access to the top quartile of college graduates.

There is no single centralized data source available to make this determination so we plan to rely on grading information from individual colleges and universities, the comments of agency staffing and recruiting officials, and the suggestions of others who have an interest in this process. The final level will reflect this input, and will of course be subject to future adjustment so that it can be adapted to meet changes in staffing needs or supply.

13. Under the Outstanding Scholar proposal, what factors determine who is initially appointed as a GS-7 and who is appointed as a GS-5?

A. Basically, the marketplace. All outstanding scholars can qualify for GS-7. (The qualification standards require only a 2.9 GPA for basic eligibility.) However, those who are willing to take a GS-5 job may be considered for it. Agencies usually offer the higher grade when necessary to attract well qualified candidates. In the first years under the Consent Decree, when Federal hiring was down and the number of well qualified applicants was up, hiring under all authorities was mostly at GS-5. As long as agencies could recruit high quality staff at that grade, there was no need to offer more. Now, the supply and demand have reversed and agencies need to offer the higher grade. In 1987, 45 percent of all outside hires for PAC jobs and 83 percent of outstanding scholar appointments were at GS-7.

14. Under your hiring plan, could someone who graduated 10 years ago be eligible under the direct hire plan if he or she had the appropriate grade point average?

A. This is an operational consideration which we haven't finally determined. From a practical point of view, however, most of the direct hire recruiting will probably be done on college campuses where the issue of a degree's recency will be largely moot. Individuals who received their degrees 10 years ago would not likely be in this type of environment. Their best avenue to one of these jobs, if they are still interested in entry-level employment, would be through the competitive examination component of our hiring plan. We also have examining procedures at higher grades for those who are looking for jobs above the entry level.

15. Please describe the process and strategy by which the Individual Achievement Record has been validated. Please supply the Subcommittee with all the reports on validation.

A. The Individual Achievement Record (IAR) was developed through a process of empirical validation. Both the content and the scoring of the IAR are based directly on responses given by good and poor job performers to the same set of questions. Only questions and responses which showed a significant correlation with an independent measure of job success are used in the instrument.

Since scoring is determined by statistical relationships between responses and job performance, no subjective judgments enter into the IAR scoring. Thus, the initial validity of the IAR is established as an inherent part of the development process. In addition, the IAR will be included in the comprehensive criterion-related validity studies to be conducted for all parts of the new examination.

The complete technical report on the development and empirical validation of the IAR will not be ready until late 1988. However, we have attached a preliminary report which briefly discusses the research conducted so far.

THE INDIVIDUAL ACHIEVEMENT RECORD (IAR):

QUANTIFYING BIOGRAPHICAL EXPERIENCE

Problem: Traditional civil service examining has failed to assess the "whole person" with respect to characteristics important for job success. The primary reliance on written ability tests and credentials of education and experience, although quite useful, has major limitations. On the one hand, litigation surrounds findings that ability tests have substantial adverse impact on minority employment; on the other, credentials do not assure high quality. Moreover, these traditional approaches fail to tap the full range of relevant personal qualities required for successful job performance. This means that some applicants with good potential may be screened out unnecessarily--a costly implication given current and anticipated labor markets.

There is an urgent need for a reliable and practical tool to measure these personal qualities. Such a tool could be useful across the broad scope of federal examining.

Initiative: We have just completed a major research effort leading to the development of a new measurement tool. It is called the Individual Achievement Record (IAR), and its initial tryout with entry-level professional and administrative occupations has yielded promising results.

Expanding upon the typical content and coverage of application forms and interviews, the IAR is a multiple-choice format questionnaire which includes aspects of both experience and individual success in academic, employment, organizational, and interpersonal endeavors.

Scoring of the IAR is based directly on how successful job performers responded to the questions in contrast to not so successful job performers. (Over 6,000 employees, plus the supervisor of each, in over 100 PAC occupations participated in this study.)

The IAR demonstrates statistical validity in the employee sample of about .32. This is a level of predictive accuracy comparable to that found for many ability tests and considerably higher than that found for traditional rating schedules. However, we expect that the validity of the IAR in the operational setting may decline to some degree due to motivational differences between research participants (who were assured confidentiality) and actual job applicants.

We have known for some time that private sector companies have been successfully using instruments like the IAR in employee selection. However, their forms have tended to include many items which would be inappropriate in a merit sytem context. A key aspect of the present project was prescreening to exclude inappropriate items, such as those which deal with demographic and socio-economic

factors. With respect to predictive validity, the risk with excluding these items was that "the baby might be thrown out with the bath water." As noted above, this did not occur. The validity we found was nearly as high as that found in the unscreened versions used in the private sector.

Results in terms of minority scoring are also highly encouraging. Although there are small differences between average scores of Blacks and Whites, these differences are less than a third of a standard deviation, in contrast to differences three to four times greater which are usually found on written ability tests. Detailed analysis of data on all items is continuing in order to determine if the differences in subgroup scores can be further reduced without substantial loss in validity by deleting some items.

If implemented, we will need to follow up operational results to ensure that validity remains high for applicants in terms of predicting successful on-the-job performance.

16. What evidence do you have that the new job specific tests, which are not yet developed, in conjunction with the Individual Achievement Record, will predict the most successful employee?

A. First, the evidence of the effectiveness of job-content specific tests is overwhelming. Over six decades of research support the effectiveness of written tests of job-relevant abilities as predictors of job performance. A recent study conducted in OPM (completed this year) used 1,080 validity coefficients from 96 professional occupations in 14 occupational families. The study showed that written tests of job-relevant abilities have even higher validity for professional occupations than they do for previously studied occupational groups such as clerical, law enforcement, blue-collar, and semi-professional. When the test questions in these job-relevant ability tests are made job-content specific for one job or for a group of jobs that have commonality of duties, validities remain as high as when the test questions have more general content, but adverse impact is significantly reduced, as proven by research conducted in OPM during the past decade on job-content specific tests. In brief, the job-content specific tests which are being developed will have the highest predictiveness of any selection method by virtue of being tests of job-relevant abilities, and will have no increase in validity but decreased potential for adverse impact against minorities by virtue of being job-content specific (thus avoiding academic subject matters).

Second, the Individual Achievement Record (IAR) is designed to measure the full range of relevant personal qualities important for successful job performance. These personal qualities are not measured by job-specific tests. Thus the combined assessment of job-relevant abilities and personal characteristics is apt to predict the most successful Federal employees.

17. If character is to be tested through the Individual Achievement Record, will there be any need for a further suitability check? What will be the relationship between the Individual Achievement Record and the suitability check?

A. The IAR will not obviate the need for suitability checks, where applicable, since they serve different purposes. The IAR relates to the previously demonstrated ability of the individual to carry through successfully on tasks and activities which are shown statistically to be related to job success. The IAR does not attempt, however, to determine whether the individual's behavior has remained within the legal and behavioral bounds established for sensitive positions. Thus the content and focus of the IAR and suitability investigations are separate and different. Moreover, we expect to keep them separate for policy, legal, and psychometric reasons.

18. How will the job-specific tests differ from the old PACE exam?

A. The new job-content specific tests will differ from the old PACE examination in two substantial ways.

First, PACE assessed job-relevant abilities through redundant subtests which made the examination lengthy and cumbersome and are likely to have contributed to its adverse impact. Additionally, the psychometric technologies used in PACE were not as refined as those which are available today, and some PACE subtests contained questions and question-types which were weak measurements. By contrast, the new tests will be economical, non-redundant tests of basic reasoning ability (reasoning being a crucial activity in PAC jobs) constructed according to the most refined logic-based technologies available. The absence of psychometrically weak measures in the new tests will remove the possibility of unwittingly including cultural subjectivities in the test questions, which ipso facto will remove sources of extraneous adverse impact.

Second, the content of PACE questions was purely academic, ranging from physics to art, architecture, and history. Although a knowledge of these subjects was not necessary to answer these questions, the fact remains that the subject matter was not job-related, and the fact also remains that the more erudite applicants are likely to have been favored by such an approach. By contrast, the content of the new tests will be strictly related to the job family for which the applicant is being tested. For example, if an applicant is taking the test for the Personnel group of occupations, that applicant will have to answer questions that demonstrate his or her capacity to read and reason in the context of a personnel occupation, that is, in the context of personnel-related job tasks.

19. In the Congressional Advisory on this proposal, you state, "when we used tests which were more job-related, minority hiring results improved." Please include for the record copies of studies you have done to demonstrate this fact.

A. Our statement was based on hiring statistics which reflect frequencies and percentages of blacks and Hispanics brought into jobs at the GS-5 and 7 levels formerly covered by the PACE examination. This data is extracted from our Central Personnel Data File and is broken out according to the source of the hire, e.g., Schedule B appointment, OPM competitive examination certificate, Veterans' Readjustment Appointment, etc.

At the time we developed the Congressional Advisory, we had data available covering calendar years 1982-1986. Since that time, data covering calendar year 1987 has become available. This is incorporated in the table listed below, which shows selections from OPM competitive examinations, during the period 1982-1987, for GS-5 and 7level positions formerly covered by the PACE exam. This is contrasted with similar data on selections from the PACE exam during the last year it was used.

Selections from OPM Competitive Exams for former PACE positions

(1982-1987)

Race/ National Origin	Number Hired	Percentage
White (non-Hispanic)	7,575	74.1%
Black (non-Hispanic)	2,157	21.0%
Hispanic	499	4.9%
Total	10,231	100 %

Selections from PACE Exam

Race/ National Origin	Number Hired	Percentage
White (non-Hispanic)	1,649	90.0%
Black (non-Hispanic)	141	7.7%
Hispanic	43	2.3%
Total	1,833	100 %

20. Please provide the Subcommittee with a copy of the Individual Achievement Record questions.

A. The actual questions that make up the Individual Achievement Record (IAR) cannot be made available publicly without affecting its usefulness as an examination and impacting on our responsibility and commitment to the fairness of our examining process. Release of the actual questions could lead to coaching and discussions among applicants concerning which of the multiple choice responses is likely to yield the highest score. However, we would be happy to show the IAR to the committee in private.

21. Your testing proposal combines a standardized test with a "biodata" test, the Individual Achievement Record. How much weight will each test be assigned? What criteria will determine how much weight will be given to each portion of the exam?

A. The job-content specific test and the Individual Achievement Record (IAR) will be given equal weight. Each will count for 50 percent of the total score. This decision has been made on the basis of two criteria. The first criterion is that the two instruments measure different job-relevant characteristics, the interplay of which is essential on the job. The second criterion is that a preliminary but massive study of data collected on 6,000 employees and supervisors in over 100 PAC occupations revealed a validity level (i.e., effectiveness of prediction) approaching that of standardized written ability tests.

It should be noted, nevertheless, that if subsequent validation studies specific to each job family (to be conducted on all predictors, as discussed in question 2) reveal that the IAR has lower levels of validity than the test, appropriate adjustments will be made immediately to the scoring weights.

22. What is "civic virtue" and "moral character"? How do you propose to measure these characteristics?

A. It is our firmly held belief that merit includes character as well as competence -- that in addition to technical expertise and intellect, there are other qualities important to successful job performance in the civil service. We have referred to these additional qualities in various broad terms, including those of civic virtue and moral character. More specifically, we are referring to critical job-related characteristics and essential human values such as initiative, perseverance, commitment to hard work, achievement, cooperation, and dependability.

Not all of these qualities can be measured. However, the new Individual Achievement Record does give credit for a diversity of accomplishments and abilities which are consistent with the possession of these qualities. The GPA hiring option also provides an indirect measure of many of the same qualities.

Mrs. SCHROEDER. The next witness we have this morning is the Honorable Clarence Thomas, who is the Chairman of the Equal Employment Opportunity Commission.

Mr. Thomas, we are very pleased to have you here this morning, and, again, we will put your statement in the record, and the floor is yours.

STATEMENT OF HON. CLARENCE THOMAS, CHAIRMAN, EQUAL EMPLOYMENT OPPORTUNITY COMMISSION, ACCOMPANIED BY PAMELA TALKIN, CHIEF OF STAFF; AND RICKY SILBERMAN, VICE CHAIRMAN

Mr. THOMAS. Good morning, Madam Chairwoman.

I would like to introduce my chief of staff, Pam Talkin, and also joining me this morning is the vice chairman of EEOC Ricky Silberman.

I am very pleased to be here this morning. For once, it is an opportunity to appear at a hearing where I'm not in trouble. That is always good. But it is also good to appear because when I read about the proposal of OPM and my colleague, Connie Horner, in the press, I was enthusiastic and ecstatic about it because it was a move in the right direction.

As I said to you a little less than a month ago, we need flexibility in the hiring and promotion process in the Federal Government if we are going to have movement as far as minorities are concerned, and those hearings involved Hispanics.

We need flexibility in the Federal agencies to comply with our new Management Directive 714, which is our affirmative action management directive, and we need it in order to compete with the private sector in recruiting and in hiring.

The management directive that I'm talking about, that we discussed at length a month ago, Management Directive 714, places the responsibility for affirmative action and affirmative employment programs on the agency head where, in my opinion, it belongs and belonged all along.

The Management Directive requires the agency to analyze their program and to devise flexible approaches to addressing the respective agency-specific problems of under-representation of minorities and women. We have similar approaches in the area of handicap affirmative action programs.

As I said to you then, the current process of hiring and promoting in the Federal Civil Service system is a major impediment to recruiting and retaining highly qualified individuals of any race or sex or ethnic group. I think that from my standpoint as a manager, the process can be best characterized as byzantine, and it is certainly one that is not conducive to changing the complexion or the makeup of the work force as it presently exists.

In my experience as an agency head for the past six years, I think that we have had to go to special employment programs almost as a matter of routine in order to change the complexion and the makeup of our work force. We have, as you know, one of the best records in the employment of minorities and women in the Federal Government, and we have the best record in the SES area,

where one-half of our SES employees are minority and 41 percent are women. No one else in the Federal Government is even close.

In order to get the kind of candidate that we need in our program, we have had to use the Co-op Program extensively, internship programs, the Presidential Management Intern Program, and the Law School Recruitment Program. Although these programs have allowed EEOC to hire candidates, good candidates, and hire them quickly, we have run into problems with college graduates. In addition to some others that were mentioned in the article that you referred to earlier, one of the primary reasons is that even though we can recruit candidates, it is very cumbersome and very difficult to get the candidates on-board in a timely fashion. As a result, we often lose the college graduates and cannot get to them on the certs, even though they fit our program very well.

The reason this program of OPM's has been so critical and is critical to us and to EEOC's future success as well as that of the Federal affirmative action programs is that we depend at EEOC largely on the quality of the individuals that we are bringing in the front door as our investigators at the entry level. Unless we are able to get the top quality people initially, particularly with the constraints that we have from the resource standpoint now, we are simply not going to be able to do the work that is required of the agency.

I think that the program that OPM has proposed is an outstanding program. It does have its risks, and I am sure those will be worked out, but I think it is definitely a very positive move in the right direction, and it gives me hope not only for Federal affirmative action in general but certainly for our agency which has to change in order to do a better job.

With that, Madam Chairwoman, I will answer whatever questions you might have.

[The statement of Mr. Thomas follows:]

TESTIMONY OF CHAIRMAN CLARENCE THOMAS
OF THE U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
BEFORE THE SUBCOMMITTEE ON CIVIL SERVICE
OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE
U.S. HOUSE OF REPRESENTATIVES
JULY 12, 1988

Good morning Chairwoman Schroeder and members of the subcommittee. I'm pleased to appear before you today to discuss the Office of Personnel Management's new plan to test and hire professionals for entry-level positions in the federal government.

The U.S. Equal Employment Opportunity Commission's federal sector responsibilities include affirmative employment planning for agencies of the federal government and oversight of federal agency discrimination complaint processing. EEOC conducts hearings and adjudicates appeals of final agency decisions on complaints of discrimination and reprisal filed by federal employees and applicants under Title VII of the Civil Rights Act, the Age Discrimination in Employment Act and Section 501 of the Rehabilitation Act of 1973, which prohibits discrimination in the federal sector based on mental and/or physical handicap.

OPM's new plan for the selection of GS-5 and GS-7 professionals will provide federal agencies the flexibility to comply with the affirmative employment requirements of EEOC's Management Directive 714, Instructions for the Development and Submission of Federal Affirmative Employment Multi-Year Program Plans, Annual Accomplishment Reports and Annual Plan Updates for FY 1988 through FY 1992. OPM's proposal also will allow federal agencies to compete with the private sector in recruiting and hiring the best and the brightest job candidates.

EEOC's Management Directive 714, issued Oct. 6, 1987, shifts the major responsibility for implementing an affirmative employment program to federal agency heads where it should be. The directive instructs agencies to devise flexible approaches to improve employment opportunities for minorities and women. Agencies are also required to analyze their affirmative employment programs and determine the adequacy of recruitment efforts and hiring.

The current process for entering federal employment is a major impediment to employing highly-qualified candidates of any race, sex or ethnic group. The current system is so cumbersome, it is next to impossible to hire any person not presently in federal service; that, in turn, makes it impossible to change the complexion of the overall federal workforce. I commend OPM for taking this initial step to further improve the federal government's workforce by allowing agencies to recruit and hire individuals for entry-level professional positions.

OPM's new program provides several ways in which highly qualified, diversified job candidates can enter federal service. Under this plan, persons interested in working for the government can qualify for GS-5 and GS-7 entry-level positions by:

- taking written tests in their occupational fields, or
- demonstrating academic achievement through high college grade point averages, or
- participating in cooperative education work/study programs.

Vietnam-era veterans can enter professional positions without taking a written test. Through an agency's upward mobility program, current federal employees also can qualify for entry-level professional positions.

A recent Institute for Educational Leadership study shows that our nation's workforce is rapidly changing and a labor shortage is predicted for the near future. The federal government, in order to compete for the best job candidates, must have the same flexibility that exists in the private sector to bring qualified persons into the civil service. As I stated to this subcommittee last month, the existing system works against people on the outside trying to enter federal service. Trying to hire people is a complicated process; trying to promote is a complicated process. Only federal managers who thoroughly know the intricacies of the rules know how to get people through the maze.

The effort at EEOC has been to fully utilize special employment programs that allow us to tap talented people that we are hindered from bringing in under the current complex system. For example, we are active participants in the cooperative education (co-op) and other intern programs. Each of the agency's 23 district offices has slots to hire students into the co-op and legal intern programs. These programs enrich the education of students by providing relevant work experience. The payoff comes when these students complete their academic career: the Commission can hire these students directly and we know what we're getting.

The Presidential Management Intern (PMI) program is another vehicle by which EEOC has been able to recruit individuals who have demonstrated exceptional management potential. The interns have completed graduate programs centered on the planning and management of public programs and policies. The PMIs rotate into strategic offices within the Commission to acquire management skills. At the end of their internship, the individuals are hired into professional positions in the office of their choice.

One of EEOC's most effective recruitment efforts has been the Law School Recruitment Program, designed to attract candidates to fill entry-level attorney positions.

What is unique about each of these special internship programs is that they have allowed us the opportunity for recruitment of qualified people and have incorporated within them the very essence of OPM's new plan -- they allow EEOC to hire outstanding candidates quickly. OPM's plan would eliminate obstacles while retaining selection by demonstrated merit.

Unfortunately, our efforts to recruit college graduates to fill investigator positions have not been as successful because of the traditional and burdensome federal procedures which must be followed to fill such vacancies.

I strongly feel that the quality of those we hire into entry-level professional positions will ultimately have an immeasurable impact on the long term success of EEOC. These individuals will become a part of the cadre of top government executives. During my tenure at EEOC, I have been committed to not only hiring quality people, but to the development and upward mobility of qualified individuals. For example, the Senior Executive Service (SES) Candidate Program has been used extensively for developing minorities and women to assume positions of greater responsibility. Currently, five persons are in the program -- three black females, one Hispanic male and one white male. The SES Candidate Program is an excellent opportunity to prepare for the Senior Executive Service. We have every expectation that all the graduates will assume SES positions within the agency. Three of our previous SES graduates have been placed in SES positions, two females (one Hispanic) and one male.

EEOC has one of the best overall minority employment profiles in the federal government and leads the federal government in minorities and women in the SES. Almost half of the agency's 38 top executives are minorities and 41 percent are women. While the government-wide SES profile showed 94 percent of the executives were white and 92 percent male, 32 percent of EEOC's executives are black, 14 percent are Hispanic and 3 percent Asian American or Indian. We are proud of our workforce profile and the quality of our employees.

By allowing federal agencies to seek out qualified minorities and women for entry-level professional positions, OPM's new plan will help draw more minorities and women into federal service and help federal agencies comply with EEOC's MD 714. The current system of filling vacancies may tend to simply redistribute the same pool of employees, rather than change and enhance the overall complexion of the workforce, and it discourages qualified interested candidates from seeking federal employment.

Certainly any new proposal which changes the long-standing and existing civil service system brings certain risks. But in order to respond to the changing workforce, to open opportunities to all qualified candidates and to continue to enhance the makeup of the federal workforce, we have no choice but to take risks. There are no other options. The federal government cannot remain static in an ever-changing employment environment.

I welcome and applaud OPM's initiative to improve the quality and diversity of the federal workforce. As a federal manager, I look forward to implementing the plan.

I will be pleased to respond to any questions you may have.

Mrs. SCHROEDER. Thank you, and, again, because of the long list of witnesses, I am going to be brief.

While this agency flexibility would allow more hiring of blacks and Hispanics, it would also allow less hiring; I mean it goes either way. So I was happy to hear what you were saying about SES, that SES did that. But I assume your agency would be monitoring actively, and if you find agencies aren't doing well in this area I would hope that you would step in.

Mr. THOMAS. Yes, that is a good question. Where you do have flexibility, I think you do have more opportunities to discriminate against individuals, but we track those numbers very well.

From our standpoint as an agency, I think the better people we get, the better job we are able to do to make sure that the other agencies don't discriminate, that they are not taking advantage of a system that should be working for those who are excluded, not against them.

Mrs. SCHROEDER. That is a part of our frustration, because I know in the Hispanic hearings we found that the EEOC's hiring record was better than any of the agencies it oversaw, and people kept wanting to testify about their hiring record, and we kept saying, "No; we want to know how you got other agencies to follow your lead," which clearly was not happening in the Hispanic area. There is some concern about the flexibility and whether agencies will be aggressive in giving everyone an equal shot at this.

The veterans' preference seems to be left out in this Outstanding Scholar Program. Does that concern you at all?

Mr. THOMAS. Of course, at EEOC we don't enforce or have oversight over the veterans' preference, and I don't know exactly what you mean by the question. That is not something within our jurisdiction.

Mrs. SCHROEDER. What about these Individual Achievement Records? Have you reviewed the questions, and are you confident that there aren't any race or gender specific questions in them?

Mr. THOMAS. We will certainly review the questions as a part of our coordination responsibilities. I have looked at the proposal itself, and it is a proposal, and my feeling is that it is definitely going in the right direction. I am sure that there is going to be discussion, there is going to be give and take as to what the specifics are, and I'm not saying that there isn't any risk, but the overall idea, the concept itself, that we have here, I think, is very, very good. We will go through the questions, and we will fulfill our responsibility to make sure that it is not discriminatory.

Mrs. SCHROEDER. What is your responsibility? What is your role in that process? You will get a chance to review it. Can you veto questions if you find they are race or gender specific, or can you just make recommendations that they drop them?

Mr. THOMAS. I can't say that for another agency we can veto anything in the coordination process, but we are the lead agency in employment discrimination, and we certainly have a very significant say as to what happens in any regulations involving the Equal Employment Opportunity laws, whether it is in the Federal Government or in the private sector; we are the lead agency for that purpose.

Mrs. SCHROEDER. OK. Thank you very much for being here, and we may send some more questions because of the time constraints, but we really appreciate your being here.

Mr. THOMAS. Thank you for the opportunity.

Mrs. SCHROEDER. Thank you.

Our next witness this morning is the Deputy Assistant Secretary of the Navy, Mr. Anthony DiTrapani. I think I got that right. If I didn't, I apologize sincerely.

STATEMENT OF ANTHONY R. DITRAPANI, DEPUTY ASSISTANT SECRETARY OF THE NAVY, DEPARTMENT OF THE NAVY

Mr. DITRAPANI. Yes, thank you very much. DiTrapani is correct.

Mrs. SCHROEDER. Thank you.

Mr. DITRAPANI. Madam Chairwoman, while I am Deputy Assistant Secretary of the Navy for civilian personnel policy and EEO and I am also a career civil servant with over 30 years of service with the Government. Therefore, I sincerely appreciate the opportunity to appear today and to provide the Department of the Navy's views on the Office of Personnel Management's new plan for hiring entry level employees in professional and administrative career jobs.

As the third largest employer of Federal employees, we are keenly aware that the Federal Government needs a system which enables managers to attract high caliber candidates for Federal careers and hire them quickly and simply. OPM's proposed plan is a vast improvement, we think, over the hiring systems which have been used to date.

The new plan eliminates the cumbersome and time-consuming mandatory testing requirements of the PACE exam which it replaces. It retains the direct hire provisions of the Schedule B appointment authority which has proven to be a satisfactory approach over the past few years, and, in addition, it provides an immediate competitive appointment for candidates, thus removing the confusing conversion requirements of Schedule B and giving increased entitlements to employees.

In assessing the new system from Navy's perspective, our primary concern is that it must have the flexibility to respond to the diverse needs of Navy managers since we employ over 48,000 civilians in professional and administrative occupations. Navy activities nationwide differ greatly in terms of mission, size, type of work force, and availability of resources. Accordingly, our hiring policies and examining systems must accommodate these differences. We believe the proposed system, through its three-prong approach, will provide the combination of uniformity and flexibility necessary to ensure that all our activities have access to a ready and cost-effective source of quality candidates.

I would like to briefly address each of the three hiring methods provided under the proposed system. The first method of hiring into GS–5 and 7 entry level professional and administrative jobs is by direct hire of college graduates who have achieved a pre-determined minimum level grade point average. We strongly support this provision. Grade point average is a universally accepted and

proven indicator of high potential, and direct hire is an absolute necessity to reach the competitive group of candidates.

The ability to make an on-the-spot job offer is the single most effective tool Federal managers have to meet the competition from the private sector. Demographic projections indicate skills shortages, and growth of private sector service industries will result in stiffer competition for professional and administrative candidates. Within a few years, we expect to face labor market conditions in these areas similar to those we presently face in the engineering and scientific categories.

For this reason, we strongly feel that the grade point average cut-off point for direct hire, when it is established, should not exceed the 3.0 level. That level adequately establishes the candidate's intellectual capability, motivation, and commitment to goals. We think it would be imprudent and unnecessary to reduce the direct hire field by establishing the level higher than 3.0.

The second way of qualifying candidates under OPM's new plan is through use of written tests. The tests, which will be job related in content, will also use a technique to assess an applicant's demonstrated achievements. We think such use of written tests can give us access to a broader range of high caliber candidates.

We recognize that while a high GPA may reflect strong potential for job success it is clearly not the sole indicator. Through testing we will reach those who did not graduate from college, those who did not achieve the GPA to qualify for direct hire, and other motivated individuals perhaps with directly applicable experience such as those starting second careers after working in the private sector or the military.

We support this concept of centralized testing by OPM. Centralization will benefit candidates as well as managers who will have ready access to lists of available candidates through the referral process. It can provide an efficient and cost-effective approach for smaller agencies and smaller Navy activities which have neither the needs nor the resources to recruit widely.

While we appreciate the benefits of testing, we feel strongly that particular attention must be directed at ensuring the process is timely. We are pleased to note that OPM plans to automate this process to enable referral of candidates to agencies within a few days of candidate registration or agency request. This is essential for this centralized process to work effectively. It has to be timely.

The third approach for hiring under the proposed plan is through existing programs such as cooperative education, handicapped employment programs, Vietnam era veterans, upper mobility, and merit staffing programs. We have used these programs effectively and extensively and will continue to do so. They enable us to provide career growth opportunities for our current employees and contribute to successful attainment of our targeted recruitment goals.

In summary, the proposed new system provides a variety of approaches that we think will benefit candidates for professional and administrative career jobs and enable managers to tailor their recruitment approaches to achieve affirmative action goals. It provides an examining system that can provide a ready supply of quality available candidates plus the flexibility to hire highly qualified

walk-in candidates and college recruitment candidates. It offers applicants a uniform understandable system of employment which includes the ability to apply at a central point, like OPM, for general employment consideration and also to local Navy activities if desired. Together, this uniformity and flexibility should provide us with the means of achieving a professional and administrative work force that represents our Nation's diversity. We look forward to working with OPM on the refinements and implementation of the system.

This concludes my statement. I would be pleased to answer any questions you may have.

[The following letter, with attachment, was submitted by Mr. DiTrapani:]

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(MANPOWER AND RESERVE AFFAIRS)
WASHINGTON, D.C. 20350-1000

18 May 1987

Dr. James E. Colvard
Deputy Director
Office of Personnel Management
1900 E Street, N.W.
Washington, D.C. 20415

Dear Jim:

When we learned of the National Treasury Employees Union (NTEU) vs OPM decision (U. S. District Court, District of Columbia, Civil Action No. 84-2573 of February 27, 1987), we began analyzing alternative methods of hiring professional and administrative career (PAC) employees. I am especially interested in implementing an understandable, flexible system of PAC hiring which meets the needs of both government agencies and applicants. We have developed a proposal that meets these needs while preserving the merit system principles of fair and open competition and appointment based on relative ability, knowledge and skills.

The enclosed proposal includes development of written tests for some PAC occupations and qualifications examining for others; agency and OPM administration of the tests/examinations; hiring from the test/examination registers; and direct hire of highly qualified candidates based on either academic achievement or written test score. We believe it will provide agencies a ready supply of quality candidates plus the flexibility to recruit and hire highly qualified local or walk-in candidates and college recruitment candidates. It will give applicants an understandable system of Federal employment including the ability to apply to OPM offices for overall employment consideration and to specific Federal employers, if desired.

I believe implementation of our proposal will greatly improve the recruitment and selection of PAC employees. Additionally, the concepts of shared test/examination administration and realistic direct hire authorities have significant potential for improving the entire civil service examining system. My staff and I are available to provide more data and information as needed.

Sincerely,

Tony DiTrapani

ANTHONY R. DiTRAPANI
Director of
Civilian Personnel Policy/
Equal Employment Opportunity

ATTACHMENT

PROPOSAL FOR ALTERNATIVE METHODS OF HIRING PROFESSIONAL AND ADMINISTRATIVE CAREERS (PAC) EMPLOYEES

We need a system that remedies the shortfalls of the current PAC hiring system. Applicants do not always know where or when to apply for a PAC job since an OPM test is appropriate for some jobs while direct contact with an activity is the correct method for others and deadline dates for taking the tests or submitting applications vary considerably. From management's viewpoint, OPM tests provide quality candidates for some jobs but known highly-qualified applicants (i.e. walk-in or college recruitment candidates) may not have taken the tests. For other jobs, management may have Schedule B PAC appointing authority but lack the resources to recruit highly qualified candidates.

Federal agencies need an examining system which provides a ready supply of quality, available candidates plus the flexibility to recruit and hire highly qualified local or walk-in candidates and college recruitment candidates. Applicants need a uniform, understandable system of employment which includes the ability to apply at a central point like OPM for general employment consideration and to individual employers (i.e., a local activity) if desired. This combination of uniformity and flexibility is essential to achieve a quality PAC workforce that is representative of our Nation's diversity. We propose the following system:

PROPOSAL

1. Examination Design and Development. For occupations which do not have positive education requirements, OPM develops a reasonable number of written tests for occupational families (e.g., the Supply family, GS-2000) plus a more general written test to cover the PAC occupations with small numbers of positions and hires. For occupations with positive education requirements (e.g., librarian), OPM (with agency assistance) develops qualifications assessment examinations which evaluate substantive experience and educational achievement.

2. Examination Administration. OPM performs broad scale testing/examining and establishes area-wide hiring lists. Activities test/examine applicants who want to work for them and establish activity hiring lists. Activities may decline to test/examine at all and rely on OPM testing/examining.

3. Direct Hire Authorities. On a nation-wide basis, OPM issues direct hire authority for outstanding scholars (3.5 GPA or top 10% of college/university class) and quality graduates (3.0 GPA in a curriculum related to the position to be filled). On an area-wide basis, OPM offices issue direct hire authority for applicants with test/examination scores which are high enough to place them in the range of selection.

4. Hiring Process. Activities can immediately hire outstanding scholars, quality graduates or applicants whose test/examination scores are in the direct hire range. Alternatively, activities can request hiring lists from their servicing OPM office, merge the OPM list with their activity list (if any) and hire the top available candidates from the combined list. Applicants have a useable, understandable system of Federal employment. They can apply to OPM for general employment consideration and/or to individual activities and be hired based on being an outstanding scholar or quality graduate, achieving a high enough test/examination score, or being within reach on an appropriate hiring list.

Mrs. SCHROEDER. I must tell you, I'm very honored that you are here, and I am glad to hear the Navy is hiring someone besides consultants; that gives me a little hope.

I think it is also important to point out that the consultants are under none of these criteria that we are talking about.

Mr. DITRAPANI. That is correct. They don't come under this plan.

Mrs. SCHROEDER. That is right. They never come under any of it. In Armed Services, we have been terribly distressed that the Navy is spending about 700 percent more than any other service on outside consultants. So, hopefully, this will give the Navy more flexibility.

Mr. DITRAPANI. It is important that we have access, we think, to college recruiting, where each individual activity can be motivated to do their recruiting and tailor their recruiting to the affirmative action goals that they may have. Whenever you centralize it, the motivation goes away.

You mentioned the MSPB study. I haven't seen it myself, but if it is critical of the absence of motivation of activities and agencies to get to college campuses for recruiting, then I would agree with it. We have to have the motivation to do that, and with the direct hire authority I think we would be able to do that much better than we currently do.

Mrs. SCHROEDER. Why hasn't the Navy used the Outstanding Scholar Program more?

Mr. DITRAPANI. We use it to the best of our ability. Many of the outstanding scholars would rather not work for the Federal Government.

Mrs. SCHROEDER. Is that because of the pay differential?

Mr. DITRAPANI. I am certain that that is a very big part of it; that is correct.

Mrs. SCHROEDER. Somehow DOD has to convey the great problem that you have people overseeing contracts that can't even afford to live in the city. That has got to be tough. You can't even live in the city and you are dealing with people who are living in very nice houses in the city and driving very nice cars. I don't know how we recruit anybody.

Mr. DITRAPANI. That is why I think you have to motivate as many of our managers as possible. If you have to go to some central location and refer people who want to work for you to some central list and hope that they eventually get on the list and you eventually can get them off the list, people don't have the drive to go out and do the recruiting that they would otherwise do. So that is one of the things we think is good about this program.

Mrs. SCHROEDER. Have you tracked the quality of employees that you have seen hired in the last, say, 10 years?

Mr. DITRAPANI. Have I tracked it?

Mrs. SCHROEDER. Yes.

Mr. DITRAPANI. I don't have a specific track of GPA or something of that nature. In the China Lake experiment—I am sure you are familiar with that—the demonstration project at China Lake and NOSC in San Diego, where we were able to better link performance with pay, we did much better in recruiting high quality candidates; and the data show that in those two demonstration areas that we were able to do much better getting higher GPA's than at

the other labs where we did not have that plan. So that was the one controlled experiment that we ran, and that did show that where you can recruit actively and pay properly you can do better in GPA.

Mrs. SCHROEDER. A lot of our witnesses are worried about nepotism, politicization, and favoritism being permitted by this new program. Why shouldn't we worry about these problems with the Navy?

Mr. DITRAPANI. I think you should always worry about those problems. We worry about them, and I think they are valid things to be concerned about and to control. But remember, we have direct hire authority right now for engineers and scientists, as do all agencies around the country, and they are handled responsibly by responsible managers. We have direct hire authority for nurses, and for many shortage category jobs we have direct hire authority. I think it can be done responsibly in a controlled environment and be audited.

I think just because there may be very remote and small infractions we shouldn't tie up the entire bureaucracy because of those. Rather, we should ferret those out and correct them.

Mrs. SCHROEDER. Thank you again. If we think of more questions we may send them to you to flesh out the record.

Mr. DITRAPANI. Thank you. I appreciate the opportunity.

Mrs. SCHROEDER. We appreciate your being here.

The next witness we have this morning is an old friend of the committee's and one who has great patience with this committee, which is always calling on her skills to come and aid us as we navigate through difficult issues, Ms. Rosslyn Kleeman, who is the Associate Director of the General Government Division of the General Accounting Office.

Ms. Kleeman, we welcome you again, and we will put your whole statement in the record, and thank you for helping us one more time.

STATEMENT OF ROSSLYN S. KLEEMAN, SENIOR ASSOCIATE DIRECTOR, GENERAL GOVERNMENT DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY STEVE WOZNY

Ms. KLEEMAN. Thank you for inviting us.

I have with me Steve Wozny, who is one of the people who has worked with me on this subject, and I thought he should be available in case you have any questions.

Mrs. SCHROEDER. Terrific.

Ms. KLEEMAN. Let me first say that we believe the Government needs the best and the brightest talent to carry out Government programs, and we also do believe that there should be a better way to quickly and efficiently recruit and hire people. So we find the OPM proposals interesting and worthy of close attention.

But while we support OPM's objectives in trying to improve the recruiting and hiring processes, it is hard to react specifically to their proposals because so few details of how the new processes will work are known. We do welcome Ms. Horner's statement this morning that she intends to work with the subcommittee and with

the plaintiffs involved in the pending PACE litigation in order to implement this program by the spring of 1989.

In his March 24 testimony before this subcommittee, the Comptroller General stressed his interest and the need for strong leadership to revitalize the public service, and he pointed out a number of obstacles to the Government's ability to attract and retain needed talent. We find some of these problems are addressed in OPM's initiatives, but as the Comptroller General noted and as I'm sure OPM recognizes, even with an efficient and speedy recruiting and hiring program few people will be attracted to the Federal service if something is not also done about noncompetitive pay and the negative rhetoric about Federal employees.

On the goals of OPM's plans for hiring and recruiting, these goals were supported in recent GAO surveys that we did. About 40 percent of Federal installation managers that we surveyed in 1987 reported that their ability to hire people they wanted has worsened over the past 5 years, and about two-thirds of the personnel directors that we surveyed believed that the length of time required to recruit and hire people hindered their ability to acquire qualified staff. They generally wanted a more flexible process that would allow them to hire staff more quickly and efficiently, as the OPM proposals suggest.

So, again, while we believe OPM's plans will work toward this desired, more flexible, efficient, and quick recruiting and hiring, we have questions that need answering. There are many questions in my full statement, but let me just mention a few of them. One is, will agencies be required to advertise the positions they expect to fill with top graduates so that students at all institutions can apply?

Another is, as you asked Mr. Thomas this morning, we wonder how special emphasis programs—for example, veterans' preference—will be accommodated. Another, given OPM's time consuming experience in developing, validating, and implementing alternative examinations to PACE, can a spring 1989 target be met? And, as you asked this morning, how does one evaluate civic virtue and moral character? And, very importantly, how will agencies and OPM monitor the new procedures.

Ms. Horner frequently mentioned this morning that the merit system needs monitoring, and she mentioned merit systems frequently. But without a very strong audit function, how can OPM be assured that merit principles are being followed? As we have reported in the past, we have great concerns about OPM's current audit and oversight functions.

OPM has also announced a new effort to continually monitor the quality of applicants and those hired. We agree that this information is needed and will be interested in the methodology that OPM develops, because the work we are doing at your request on developing an approach to evaluating the quality of the Federal work force indicates that the concept of quality is very difficult to assess. I might add that this report will be ready for you shortly.

Also, as part of your request that we review OPM's actions on alternatives to PACE, we are planning a comprehensive review of the Government's ability to recruit and hire entry level staff. So

we will be closely watching OPM's initiatives as we carry on this review.

I believe that completes my statement, and I would be glad to answer any questions you have.

[The statement of Ms. Kleeman follows:]

Statement of
Rosslyn S. Kleeman, Senior Associate Director
General Government Division

We are pleased to be here today to discuss the recruitment initiative announced in June 1988 by the Office of Personnel Management (OPM). Let me begin by saying that the government needs the best and brightest talent to help carry out functions critical to the Nation, and it needs a more flexible process to quickly and efficiently recruit and hire these people than it currently has. So the objective behind the proposal in the June OPM announcement is appealing and should be pursued.

OPM's initiative consists of two broad components: a series of attractive recruiting brochures and a proposed new hiring process for federal agencies. While we support OPM's objective of improving the government's recruiting and hiring process, it is difficult to react more specifically to OPM's proposal because the details of how the hiring process will work are still unknown. We understand that OPM plans to work with the government's personnel managers and with the plaintiffs in litigation involving the former Professional and Administrative Career Examination (PACE) to complete the initiative and implement it in the spring of 1989. A key issue concerning OPM's initiative is whether its hiring component will meet merit principles of providing open and fair competition for jobs when the details of implementation are spelled out.

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RECRUITING AND
HIRING OBSTACLES

As the Comptroller General noted in his March 24, 1988, statement to this subcommittee on the need for strong leadership to revitalize the public service, a number of obstacles to attracting and retaining needed talent in the government exist today. Pay is uncompetitive for many occupations because of years of federal salary adjustments at lesser amounts than granted for comparable jobs in the private sector. Federal employment is also held in low esteem because of negative rhetoric and actions directed against public servants. The government's hiring process itself is perceived in some quarters as being too complex, frustrating, and lengthy. Sufficient job information is unavailable to prospective applicants.

About 40 percent of the federal installation managers we surveyed in 1987 reported that their ability to hire the people they need had worsened over the previous 5 years. Almost two-thirds of the personnel officers we surveyed believed that the length of time required to hire someone hindered their ability to acquire qualified staff. They generally wanted a flexible process that would allow them to hire staff more quickly and efficiently.

Much of the current dilemma with the government's hiring process goes back several years. PACE served since 1974 as a nationwide, open, written competitive examination to rate, rank, and hire entry-level applicants for professional and administrative career occupations. In 1979, a nationwide class of blacks and Hispanics filed a lawsuit, charging that PACE discriminated against minorities. The suit became known as Luevano v. Devine. In 1981, the government entered into a court-approved consent decree with the plaintiffs with the abolishment of PACE being one key requirement.

According to OPM, PACE was designed as a single, overall test of candidates' abilities, and anyone who wanted to enter one of 118 professional and administrative occupations in the government was required to take it. In a labor market full of good candidates, it was believed to be an effective and relatively cheap and easy way to identify candidates having the intellectual talent for entry level jobs looking to future management positions. However, in addition to the fact that PACE was challenged as a discriminatory hiring system, it did not provide agencies with any real incentive to recruit specific candidates. Under the PACE everyone was tested. Even if an agency did recruit specific candidates, the agency could not offer them jobs until they had taken the test and their names had come up for selection on a civil service register. Managers could not depend on specific candidates being referred to their agency and the

process was so time consuming that the best candidates often accepted other jobs in the meantime.

The abolishment of PACE in 1982 left the government without a central means to screen and identify qualified candidates for jobs and left many prospective applicants without a way to "register" for federal jobs. After PACE was abolished, OPM began developing tests for individual occupations. Through June 1988, examinations have been developed for 16 of the 118 occupations formerly covered by PACE, accounting for approximately 60 percent of all external hiring in professional and administrative positions.

The remaining 40 percent of professional and administrative external hiring since 1982 has been primarily through the Schedule B appointment authority. This was established as an interim selection device for those former PACE occupations for which OPM had not yet developed competitive job-specific examinations. Agencies hired Schedule B employees directly under excepted appointments which provided limited promotional and mobility opportunities. Questions as to whether use of Schedule B authority meets merit system principles of assuring fair and open competition are currently in litigation before the U.S. Court of Appeals. Under the new OPM initiative, however, all

employees would be given regular career-conditional appointments, and the use of Schedule B for these appointments will be ended.

GAO'S OBSERVATIONS ON
OPM'S INITIATIVE

From the information we have seen, two primary benefits OPM expects to derive from the initiative are (1) the provision of better federal job information to applicants and (2) the ability to more quickly hire prospective employees into competitive positions, particularly those applicants with demonstrated academic achievement.

On June 23, 1988, OPM introduced a new recruiting package of eight contemporary and colorful brochures that market the federal government as a good place to work, explaining the benefits and opportunities available to students, college graduates, veterans, disabled and other applicants. The new materials appear to be quite good and should be helpful.

At the same time, OPM also announced a proposed hiring program where applicants with a college grade point average of 3.0 - 3.25 or better will be eligible for employment without taking a test. Agencies will be able to recruit and select such candidates directly. Other applicants can qualify for positions by taking a written test in one of a number of major occupational fields,

such as financial and program management. The tests will be job-related, but will also include an evaluation of the candidate's civic virtue and moral character based on an Individual Achievement Record. This is a new technique that OPM says will measure what individuals have been able to accomplish with the opportunities they have been given.

On June 24, 1988, the National Treasury Employees Union filed suit in federal district court alleging that the initiative provides for noncompetitive hiring in violation of the civil service laws. A number of questions exist about the hiring aspects of the initiative that can only be answered as the details are completed and the pending litigation is resolved. For example:

-- How will the proposed direct hiring process comply with merit principles requiring fair and open competition? Will agencies be required to advertise the positions they expect to fill with the top graduates so that students in all institutions can apply? Will students interviewed at an institution be compared with other students that apply? If so, how much time will be saved?

-- How will special emphasis programs requiring hiring preferences for persons, such as veterans and the disabled, be

accommodated, particularly under direct hiring of applicants with demonstrated academic achievement?

-- How many examinations will be required to test prospective employees who do not have a high grade point average? Given OPM's time-consuming experience in developing, validating, and implementing alternative examinations after the abolishment of PACE in 1982 (four of the exams were implemented in the first half of 1987), can the spring 1989 target for implementing the initiative realistically be met?

-- What criteria will be used to evaluate candidates civic virtue and moral character? Will civic virtue and moral character scores be given the same weight as technical ability scores?

-- Even with better information for prospective applicants and a better hiring process, will agencies be able to attract the best candidates without competitive pay?

Along with the new approach to recruiting and hiring, OPM is also initiating a study of the quality of candidates hired to ensure that the approach is meeting expectations of quality and merit, and to make corrections if expectations are missed. This study is described by an OPM official as a new effort to continually monitor the quality of applicants and those hired into the federal service.

We agree that this kind of information is needed. However, the work we are doing at your request on developing an approach to evaluating the quality of the federal workforce indicates the concept of quality is very difficult to assess. Our work is focusing on those recruited into federal positions, current employees, and those leaving federal service. Our results should be available shortly. Also as part of your request that we review OPM actions to develop alternatives to PACE, we are planning a comprehensive review of the government's ability to recruit and hire entry level staff. We expect that this review will help shed light on the specific actions that need to be taken.

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This concludes my prepared statement, Madam Chairwoman. We would be pleased to answer questions.

Mrs. SCHROEDER. Well, thank you, and, again, we appreciate your good analysis and your constant monitoring of this.

I have a question that just occurred to me. The 3.25 G.P.A. seems a little unfair because of the tremendous range of quality of institutions, and I guess they are just going to say 3.25 period no matter where you came from. Is that your understanding?

Ms. KLEEMAN. I believe so. I am not sure of the 3.25. I understood that it will be somewhere within the range of 3.0 and 3.25. But yes, it is my understanding that this would apply regardless of the institution that one comes from, and we have had questions in the past about the quality of various graduates from various schools.

Mrs. SCHROEDER. I always find that very troubling, because I remember when I first started for the Federal Government, because Harvard Law School gave LL.B. degrees from the Law Schools and a lot of the night schools gave juris doctorates.

Ms. KLEEMAN. I also know that there are schools that are tending toward not giving grades at all, and I'm not sure how that can be accommodated.

Mrs. SCHROEDER. There is always that notion that the Federal Government has to treat all degrees the same or all grades the same, and if you are working towards quality that is troubling to me.

Ms. KLEEMAN. We will be suggesting in the report that will be coming to you on measuring quality of the Federal work force that grade point average is one characteristic or criterion to be used, but whether it should be used alone is another question.

Mrs. SCHROEDER. And whether you take some account into the difference between, say, schools that don't have nearly as high an academic standing.

Ms. KLEEMAN. I believe OPM has said that they think the quality of people who have come in on the Outstanding Scholar Program has been very good and has been particularly good for accommodating minorities.

Mrs. SCHROEDER. Do you see OPM putting itself out of business with this type of proposal, and is that a good idea?

Ms. KLEEMAN. I would hope they wouldn't be out of business. We certainly need some oversight, some agency to evaluate how the programs are working and to be sure that merit principles are followed. While I am firmly in favor of delegating authority, I think along with that we do have to be sure that there is strong leadership in OPM and monitoring of what the agencies are doing.

Mrs. SCHROEDER. I was really pleased you emphasized that in your testimony, because that is my question, too. Everybody says, "Oh, yes, there will be monitoring, there will be auditing," and you say, "Oh, yes, right."

Ms. KLEEMAN. We haven't found the current monitoring programs, audit programs, at OPM as strong as we would like to see them.

Mrs. SCHROEDER. We haven't on the subcommittee either, and so it's a little troubling to see all this authority delegated without the monitoring. I am all for the delegation, but there is a tremendous potential for abuse, and coming from the other committee I come from, Armed Services, where we have seen this used so well, we

would certainly like to see much more aggressive monitoring and so forth.

As we look at the quality of new employees over the last decade, is there any way to measure the PACE hires versus the Schedule B's?

Ms. KLEEMAN. I don't believe anything has been done. As far as we have found, there has been no measuring of the quality of entry level people. We have found some concerns when we do talk to personnel directors about whether they think the quality is as good as it has been in the past, but we have no hard evidence.

Mrs. SCHROEDER. It is interesting that the personnel directors keep talking about that, and MSPB has a new report out today about becoming more aggressive. Again, I think your point about pay and public service bashing has to stop or, no matter what we do, it's not going to make much difference.

Well, I thank you so much for being here again. We appreciate all the reports and research you have done for the committee, and we may be sending you some more questions as we try to find out more information. It is still a little vague, and we don't quite know where to go.

Ms. KLEEMAN. Thank you for inviting us.

Mrs. SCHROEDER. Thank you.

The next witness we have this morning is Mr. Richard Seymour, who is the counsel for the plaintiff in the pending suit, Luevano v. Horner.

Mr. Seymour, we are very pleased to have you this morning. We will put your statement in the record, and if you care to summarize the floor is yours.

STATEMENT OF RICHARD T. SEYMOUR, COUNSEL FOR PLAINTIFF, "LUEVANO v. HORNER"

Mr. SEYMOUR. Thank you very much. We appreciate the opportunity to be heard today.

The Luevano lawsuit was actually the second lawsuit in which a coalition of civil rights attorneys challenged a broad national competitive examination for professional jobs. The first suit in which the Lawyers Committee was involved was *Douglas* v. *Hampton* back in 1974. That was replaced with the son of the Federal service entrance examination, PACE, and we have a strong interest in monitoring what the Government does in the future with respect to hiring.

The most summary statement I could make is that our attitude towards OPM's announcement is that of cautious approval. It is cautious because we do not know enough yet about the new kinds of groups of job-related tests that OPM is going to put into place. We do not know enough yet about exactly how the grade point average hiring will work or about how the biodata approach will work.

We do think that OPM is moving in the correct direction, because the use of biodata in selection for first line supervisors, for bank tellers, and in the ongoing study with respect to the selection of fire and police department personnel has far less adverse impact against members of minority groups than traditional paper and

pencil tests have. There are many jobs and many saved lives that would otherwise be wasted that would be saved by the use of an equally valid procedure having less adverse impact.

In connection with that, I would like to draw your attention to page 4 of the prepared statement where we have some statistics laid out. The key fact from a comparison of tables A and B seems to us to be that under the PACE, which was an abstract, puzzle-solving test, the degree of adverse impact against members of minority groups was extreme.

Now the figures that are shown for hiring in table A are from the Office of Personnel Management's estimates, but those are after the addition of veterans' preference points, which helps minorities now that the war in Vietnam has taken place, and after the then Outstanding Scholar Program adding points to the scores of candidates. The actual raw PACE test scores would have produced far lower minority percentages. But overall, 5.9 percent of the hires under the PACE between 1976 and 1980 were either black or Hispanic.

Under the post-PACE tests, we still have problems with those, there is still a substantial adverse impact on those, we still have motions pending before the district court to try to seek relief from what we see is unjustified adverse impact in those tests, but those tests have between tripled and quadrupled the Government's progress in the hiring of minorities.

Clearly, Director Horner of OPM was correct, the Government has been learning how to make better tests, and we can see that in those results. There is a world of difference between a 5.9 percent progress rate and a 22.7 percent progress rate.

Similarly, the improvement from year to year as more tests are added, more competitive examinations are put into effect, shows that the Office of Personnel Management is doing a better and better job. Again, there still is substantial adverse impact with those tests, and we are litigating over those, but things are looking up, and it has been quite some time since we have been able to say that.

Now our rough estimate of the number of jobs lost to blacks and Hispanics which shows a continuing adverse impact under the PACE as it was being phased out, under the new examinations, under Schedule B, is roughly 1,400 positions. Those are preliminary estimates because we have uncovered some statistical problems that now have to be gone into.

The use of direct hire authority for an Outstanding Scholar Program is expressly required by the consent decree to eliminate adverse impact. The provisions of the consent decree so stating are set forth at page 6 of our statement, and the table on page 7 indicates that the Government has made very little use of that direct hire authority. Even though there is a great deal of adverse impact, they hired no outstanding scholars in 1983; they hired no outstanding scholars in 1984; they hired 6 in 1985 consisting of 5 whites, 1 Hispanic, and no blacks; they hired 237 in 1986, of whom most were white, 196; only 27 blacks and 14 Hispanics were included among those 237 outstanding scholars.

I have just been informed that the number of outstanding scholars hired in 1987 may be significantly higher, but one of the points

that I would like to make is that the Government has not, in fact, been using the Outstanding Scholar Program required by the decree in the way that the consent decree requires that it be used. It is supposed to be used to eliminate adverse impact, and the Government has made far too little use of this direct hire authority.

We would like this committee to be aware that for the past several years we have been demanding that the Government take more effective action to eliminate adverse impact and that it expand its use of the Outstanding Scholar Program, and apparently this is just beginning to have effect.

We do not see in the statistics comparing the number of competitive external hires and the number of outstanding scholars any indication that the use of a direct hire grade point average hiring plan is going to swamp the other routes to hiring, this new biodata approach or the Individual Achievement Record and these other tests which we are told will be job related in the future. The use so far has been relatively minimal, and it has come a long way short of fulfilling the goal of eliminating adverse impact.

There is substantial research, as I have mentioned, under way and substantial research completed on the use of biodata. The Justice Department organized the consortium that is involved in the current study of State, county, and city police and fire departments to try to determine if there is a more effective way of hiring persons in those essential types of positions using biodata instead of paper and pencil tests and thus reducing the degree of adverse impact. The results of that effort should be in shortly, some time in the next several months.

If the committee has any questions I would be happy to respond.

[The statement of Mr. Seymour follows:]

LAWYERS' COMMITTEE
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July 12, 1988

BEFORE THE SUBCOMMITTEE ON THE CIVIL SERVICE
OF THE HOUSE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

TESTIMONY OF RICHARD T. SEYMOUR, ONE OF THE ATTORNEYS FOR PLAINTIFFS IN LUEVANO v. HORNER, C.A. No. 79-0271 (D.D.C.), ON THE PLANNED CHANGES IN HIRING FOR JOBS FORMERLY SUBJECT TO THE PROFESSIONAL AND ADMINISTRATIVE CAREER EXAMINATION ANNOUNCED ON JUNE 23, 1988 BY THE U.S. OFFICE OF PERSONNEL MANAGEMENT

A. Introduction

I am one of the attorneys for plaintiffs in Luevano v. Horner, C.A. No. 79-0271 (D.D.C.), a nationwide class action on behalf of blacks and Hispanics which successfully challenged the former Professional and Administrative Career Examination, or "PACE". My co-counsel in that lawsuit include attorneys from the NAACP Legal Defense and Educational Fund, the Puerto Rican Legal Defense and Educational Fund, the Mexican-American Legal Defense and Educational Fund, and the San Francisco Lawyers' Committee for Urban Affairs.

As the Subcommittee knows, the PACE was used for entry-level competitive hiring into 118 different professional, administrative, and technical occupations. It had a far greater degree of adverse impact against blacks and Hispanics than any

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other test we had seen in use by public or private employers. If our case had not been settled, we expect that we would have won at trial a ruling that the PACE was not job-related.

The Luevano case was settled under the Carter Administration, but by agreement the settlement was re-opened and re-negotiated after the Reagan Administration took office. Numerous provisions were changed, and the modified Consent Decree was submitted to the Court and ultimately approved. The District Court's decision granting final approval to the Consent Decree is reported at 93 F.R.D. 68 (1981). The Consent Decree went into effect in January 1982.

The Decree required the government to develop competitive alternative examining procedures for each of the job categories formerly covered by the PACE, and during the life of the Decree required the government to use all practicable efforts to reduce or eliminate further adverse impact in hiring for each of these job categories, through the use of an Outstanding Scholar program, a Bilingual/Bicultural program, and the Co-operative Student program.

The Decree provides that the Court will retain jurisdiction over a job category for a period of five years after the implementation of an alternative examining procedure, and that this period may be extended for good cause.

Plaintiffs have been required to file in Court a number of motions to enforce various provisions of the Luevano Decree. On June 27, 1988, the Court granted in large part a number of

these Motions. Among other rulings, the Court confirmed that the Luevano Decree required that alternative examining procedures be competitive; held that the use of Schedule B hiring authority was not a competitive procedure and accordingly was not an "alternative examining procedure" within the meaning of the Decree; found that the period for retention of jurisdiction had not yet begun to run as to 102 job categories because of the lack of competitive procedures; found that the government had not complied with the provisions requiring accurate reports of the race of applicants for the job categories covered by the PACE; and held that, where plaintiffs challenge the government's compliance with its obligation to use all practicable efforts to reduce or eliminate adverse impact against blacks or Hispanics, the period for retention of jurisdiction will in most instances continue until the Court is able to enter a remedial order.

Plaintiffs have filed a challenge to the government's compliance with its obligation to reduce or eliminate adverse impact. The challenge is currently suspended while the parties work out some unexpected statistical problems.

B. The Government's Performance

It is useful to compare the government's performance under the PACE with its performance under the alternative examining procedures developed to replace the PACE. Table A is taken from information put before the Court in Luevano, stating the government's view of PACE hiring:

Table A. Hires Under the PACE in 1976, 1978, and 1980

Year	Total PACE Hires	Black and Hispanic PACE Hires	% Minority
1976	5,563	216	3.9%
1978	5,641	321	5.7%
1980	3,339	316	9.5%
Total	14,543	853	5.9%

While the hiring of minorities clearly improved under the Carter Administration, it never exceeded 10% of hires from the PACE register. By contrast, preliminary data on post-Decree hiring[1] under OPM's replacement examinations and delegated hiring under the agencies' replacement examinations, most of which were paper-and-pencil tests, had substantially higher levels of minority selections:[2]

Table B. Hires Under New, Post-Decree Tests, 1982-1986 in Jobs Formerly Subject to the PACE

Year	Total Hires	Black and Hispanic Hires	% Minority
1982	996	137	13.8%
1983	1,284	243	18.9%
1984	1,746	364	20.9%
1985	2,311	577	25.0%
1986	2,527	692	27.4%
Total	8,864	2,013	22.7%

[1] The data is preliminary because OPM has discovered some problems with the reports of hiring in particular job categories. New computer runs are being performed, to produce corrected reports.

[2] Data taken from OPM Central Personnel Data File Report A-1 for each year, columns for Non-PACE CS Certifications and Delegated Examining, last page.

Thus, the government's performance with its replacement tests has reduced adverse impact and quadrupled the hiring rate for blacks and for Hispanics in the post-Decree period on paper-and-pencil tests alone, without even considering the non-test selection procedures used for many job categories and without considering the special programs mandated by the Decree to increase minority hiring. Nonetheless, it is important to recognize that substantial adverse impact remains in these paper-and-pencil tests. It remained much easier for non-Hispanic white applicants to be hired than for black or Hispanic applicants to be hired.

The use of Schedule B hiring authority has further increased the rate at which blacks and Hispanics are hired. The following table shows the results:

Table C. Hires Under Schedule B Hiring Authority, 1982-1986, in Jobs Formerly Subject to the PACE

Year	Total Hires	Black and Hispanic Hires	% Minority
1982	0	0	N.A.
1983	2,059	703	34.1%
1984	4,020	1,309	32.6%
1985	4,114	1,195	29.1%
1986	1,920	585	30.5%
Total	12,113	3,792	31.3%

Again, substantial adverse impact continued to exist under Schedule B.

It is against this background that OPM's announcement must be seen.

C. Hiring Based on Academic Performance

Paragraph 14 of the Luevano Consent Decree expressly authorizes an expanded Outstanding Scholar program:

> 14. Except as provided in paragraphs 12(c) through (g), during the period of retention of the court's jurisdiction, the agency responsible for making selections for the job categories listed in Appendix A shall use all practicable efforts to eliminate adverse impact in selections for those job categories by use of the Outstanding Scholar, College Co-op, bilingual/bicultural, and similar programs described in ¶ 16. It is the intent of the parties that these special programs are supplemental to the interim use of the PACE and alternative examining procedures to assure equal employment opportunity in the Federal service. It is not the intent of the parties that use of these special programs shall replace the interim use of the PACE or the use of alternative examining procedures, other than as may be necessary to effectuate the purposes of the Decree. Use of these programs by defendants shall not be limited by the standards in the definition of adverse impact. ...

Paragraph 16(a) defines the expanded Outstanding Scholar program:

> (a) The Outstanding Scholar Program in which those college graduates who obtained a grade point average of 3.5 or higher on a 4.0 scale for all undergraduate courses completed toward a baccalaureate degree, or who stand in the upper 10% of a baccalaureate graduating class, or of a major university subdivision such as a College of Arts and Sciences, shall be eligible for direct hire by any Federal agency without regard to the list of eligibles for those jobs listed in Appendix A, without the necessity of taking the PACE or an alternative examining procedure. This program shall be maintained throughout the period of retention of jurisdiction by the Court.

Thus, the government has since January 1982 had direct-hire authority under the Outstanding Scholar program. Unfortunately, although there has been substantial adverse impact against blacks and Hispanics arising from the use of competitive alternative examining procedures, the government has made very little use of

this direct-hire authority to reduce or eliminate that adverse impact. The following table shows the program's ineffectiveness:[3]

Table 2. Competitive Hires Compared With Direct Hires Under the Outstanding Scholar Program

Year	Competitive External Hires	Hires of Outstanding Scholars
1983	1,284	0
1984	1,746	0
1985	2,311	6
1986	2,527	237
Total	7,868	243

The six Outstanding Scholars hired in 1985 consisted of five whites and one Hispanic. The 237 Outstanding Scholars hired in 1986 consisted of 196 whites, only 27 blacks, and only 14 Hispanics.

This infinitesimal use of the Outstanding Scholar program has done little to reduce the damage to minorities caused by the adverse impact of the government's tests and use of Schedule B. Our preliminary estimate of the number of jobs denied to blacks and to Hispanics because of unnecessary adverse

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[3] The information has been taken from OPM Report A-1 in Luevano, for the calendar years stated. Data for 1983, 1984, and 1985 (the latest year for which data have been provided to plaintiffs) are on file in the Office of the Clerk of the U.S. District Court for the District of Columbia, in Plaintiffs' June 24, 1987 Submission of Additional Information, and of Additional Documents of Record, in Support of Their Motion for a Determination That the Use of Schedule B Authority for Hiring Does Not Constitute an "Alternative Examining Procedure" Within the Meaning of the Consent Decree, and Motion for Injunctive Relief.

impact was almost 1,400 jobs from 1982 to 1984 alone. This figure is subject to substantial modification, up or down, based on the ongoing work of the parties in resolving various statistical problems. We mention this figure now, solely to provide the Subcommittee with a rough estimate of the dimensions of the problem with which an expanded Outstanding Scholar program must now deal.

For years, plaintiffs have been urging the government to make greater use of its authority to make direct hires under the Outstanding Scholar program. Paragraph 17(f) of the Consent Decree requires that the parties "meet and attempt to negotiate changes in" any of the special programs, if their actual operation shows that they are not sufficient to eliminate adverse impact.

The Office of Personnel Management's proposal for direct hiring based on a grade-point average of 3.0 to 3.25 seems to be a modest expansion of the current program. An expansion is sorely needed to meet the purposes of the Luevano Decree, and we will be happy to negotiate with the government on the details of this part of its program.

C. Hiring Based on Bio-Data and New Tests

We do not yet know enough details of the other half of OPM's new approach, particularly with respect to the new set of paper-and-pencil tests OPM proposes to develop, to be able to take a firm position.

We would, however, like to say that we think OPM is

moving in the right direction. Cognitive-ability tests like the PACE in effect test more for the ability to solve abstract puzzles than for anything of actual use to the employer. They have a larger degree of adverse impact against minorities than other kinds of tests, and ignore factors, such as judgment, which can be critical to successful job performance. Their use does not serve the interests of either employers or blacks, because they over-predict the performance of white applicants and under-predict the performance of black applicants. In the process, they bar from employment many blacks who would be able to perform well on the job, result in the hiring of many unqualified white applicants, and cause a great deal of adverse impact. See generally the information in Seymour, "Tests Which Work Differently Between Blacks and Whites: The Achilles Heel of 'Validity Generalization", in preparation for the National Commission on Testing and Public Policy.

The "biodata" approach is based on the concept that the future performance of a job applicant can be predicted more successfully by an inquiry into the past experiences of the applicant than by using a paper-and-pencil test. The "experiences" in question are far broader than simply employment experience.

The particular approach which has most intensively been investigated was developed by a firm called Richardson, Bellows, Henry & Co. In co-operating with the Justice Department, it is developing a "biodata" alternative to paper-and-pencil testing

for hiring in Police and Fire Departments. The development is being performed in connection with a consortium of State, county, and municipal governments. This firm had previously developed biodata approaches for the Army (used in predicting which potential recruits would be most likely to complete basic training rather than washing out), for selections for clerical positions for four consortia of banks,[4] and for selection for first-line supervisory positions for five consortia of companies.[5]

In general, the studies to date have concluded that the biodata approach is validly related to job performance, and that its use significantly reduces the degree of adverse impact against minorities. It has become a rule of thumb that the mean scores of black test-takers on most employment tests are one full standard deviation lower than the mean scores of white test-takers. The biodata approach developed by Richardson, Bellows, Henry & Co. shows a remaining racial difference in scoring

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[4] Participating banks (and the numbers of their locations involved in the study) included First Citizens (82), Citizens & Southern (13), Bank of America (5), Wells Fargo (75), El Paso National Bank (1), Interfirst of Fort Worth (1), BancOhio (3), Bank of Virginia (6), and the Riggs Bank (1), and a number of others.

[5] Participating companies (and the numbers of locations involved in the study) included Owens-Illinois (59), PPG Industries (33), United Parcel Service (207), Dow Chemical (1), Armco Steel (15), Gulf Oil (10), Frito-Lay (24), Weyerhaeuser (66), St. Regis Paper (25), Federal Express (41), Ashland Oil (40), First Citizens (41), and Barnett Banks of Florida (34), as well as a number of other companies. Some of the banks participating in the study for clerical workers also participated in the study for first-line supervisors.

patterns, but one which generally runs at the level of .4 or .5 standard deviations. While far from perfect, the improvement in levels of adverse impact can mean a substantial increase in numbers of jobs for members of minority groups.

Conclusion

While plaintiffs need to learn much more about OPM's plans, to provide whatever assistance we can based on our own experience in testing, and to raise any problems which we may be able to identify, our preliminary sense of OPM's announcement is that it is moving in the right direction. It may be that the changes OPM contemplates will serve the interests of merit selection as well as those of equality of opportunity.

Plaintiffs are anxious to see a good result in both of these categories, and will watch these developments with great care. We urge this Subcommittee to do likewise.

Mrs. SCHROEDER. We thank you very much, and we appreciate all your time and effort going in there.

What do you think about using the same GPA for each school? Do you think there should be any differentiation?

Mr. SEYMOUR. We have been informed by the Office of Personnel Management that they have conducted research on that question, and I hate to be in the position of responding for them. What we have been told and what we hope soon to see is that there is research indicating that the difference in schools does not matter nearly so much as the fact that the individuals in question have figuratively competed their way to the top of whatever situation they are in, that there is more in common among the people who wind up at the top from one school to another than there is among people who have not done that. But we cannot say anything personally about that.

Mrs. SCHROEDER. But there is an OPM study on that, you understand.

Mr. SEYMOUR. We have been told that OPM has done research. I'm not sure whether it is formalized in terms of a printed report. We just don't know, because we have not yet seen it, what form that study is in.

Certainly it is true that there are many persons of great ability who are unable to afford the most prestigious institutions of learning in the country. You may have a person that Mr. Devine may have taught at Montgomery County Community College who may be as capable of performing these kinds of jobs as a graduate of Harvard. I have certainly come across Harvard graduates whom I have disagreed with strongly. Many of them have been opposing counsel in my cases.

Mrs. SCHROEDER. I think that that is true, and I think that the problem is where you cut it off. You want to make sure you get the best. You have got a lot of schools going to a 5-point scale and you have got others dropping grades entirely. That becomes very difficult to measure.

Mr. SEYMOUR. Certainly, and the use of pass/fail scoring is going to wind up harming those graduates at schools which have adopted pass/fail scoring.

Mrs. SCHROEDER. Or the Federal Government who can't figure out how to hire them in a direct way.

Mr. SEYMOUR. That could be true.

Mrs. SCHROEDER. You are never quite sure how that happens.

Well, thank you very much, Mr. Seymour, for being here. We appreciate your insight into the case, and as we come up with questions, if you don't mind, if we see some hulls we need to plug as we sort through this we might write you for further guidance.

Mr. SEYMOUR. We will be happy to respond. Thank you.

Mrs. SCHROEDER. Thank you.

The next witness we have this morning is Mr. Robert Tobias, the president of the National Treasury Employees Union, who has been a great friend of the committee, and we are constantly calling him up here to testify.

We thank you for your patience, and we thank you for once again being with us.

STATEMENT OF ROBERT M. TOBIAS, PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION

Mr. TOBIAS. Thank you very much, Madam Chair. We are very pleased to be here to talk about the OPM plan for recruitment and selection of employees for the Federal service.

The method of selection for employment is the critical distinguishing characteristic between a Civil Service system and a patronage system. Hiring which is based solely on ability to serve the public interest as opposed to personal, political, or partisan interests defines the very nature of the Civil Service.

In determining the method of selection, we are deciding which system we shall have, public service or partisan service in the Federal Government. The debate on this question should be well settled, but of course it doesn't seem to be. Since the passage of the Pendleton Act in 1883, the Federal service has been committed as a matter of law and public policy to the selection of employees based on merit. Merit System Principle One states that, "Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of the relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity."

Federal jobs are not to be the currency in the exchange of partisan politics. The Federal service is not the property or the exclusive domain of a particular branch of Government, administration, elected official, political appointee, or political party. Selection of employees is not a matter of unrestricted prerogative or discretion. Rather, it is a matter of public interest to be accomplished in accordance with the requirements of law and public policy.

Despite the clear language of the law and long established public policy, for 20 years we have faced an unrelenting assault on the concept of civil service. During the high tide of the Nixon administration, a White House aide put succinctly what seems to be the guiding light of subsequent reforms—and I put that in quotes—of civil service. I'm quoting now, and you might remember the famous Malek manual: "You cannot hope to achieve policy, program, or management control until you have achieved political control. That is the difference between ruling and reigning."

The Nixon clique proceeded to subvert the civil service with a vengence in its attempt to use Federal agencies to reward or punish according to political predilection. The Nixon political reward and punishment program, in large measure, was limited only by career civil servants whose loyalty was to the law and not merely to the occupant of the White House.

The lessons of the Nixon debacle, particularly the importance of a civil service insulated from the demands of partisanship, were lost on the Carter administration.

Under the guise of efficiency, flexibility, and responsiveness, Carter continued the assault on Civil Service with the dismantling of the independent bipartisan Civil Service Commission, centralizing all personnel authority under a political appointee, removing senior managers from Civil Service altogether, and making it easier to fire Federal employees. The Carter reforms became weap-

ons in the hands of the Reagan administration as it waged its war on Federal employees and instituted its own series of reforms to make the career service more responsive.

RIF's, transfers and removals of career officials, increases in the number of political appointees, political hit lists, and the use of performance appraisals to enforce ideological purity were all part of the Reagan administration's opening gambit to "reform" civil service.

Now, during the dying days of the current administration, we are presented with yet another reform, a reform that seeks not to change the law but proposes simply to ignore it. As with the reforms before it, the OPM plan for recruitment and selection wears the false face of promised increased efficiency, flexibility, responsiveness, and the ability to attract the best and the brightest to the Federal service. Beneath this mask, however, lurks the same distorted image of a Federal service subject to political patronage, nepotism, and favoritism.

For six years OPM has evaded and delayed meeting its legal obligation and institutional responsibility to provide for the competitive service. Rather than develop nondiscriminatory competitive selection procedures to replace the hopelessly flawed PACE test, OPM arbitrarily removed the positions covered under the test from the competitive service.

Entrants into these occupations were hired as "expected service" employees without the basic rights, protections and promotional opportunities afforded other federal employees.

NTEU took legal action to force OPM to follow the mandates of the law and to provide relief for those employees placed in a substandard status. The District Court concurred with NTEU's position, but OPM sought delay through continued litigation. We can view OPM's new selection program as nothing more than a continued diversion and evasion that invites legal action.

The salient feature of the OPM plan is not its focus on recruiting bright college students, its purported testing of character as well as ability, or its proclaimed slick recruitment package. The salient feature of the plan is that it provides for the virtually unrestricted agency discretion to select and hire without regard for the legal requirement of fair and open competition based on relative ability. This plan is not a reform, it is the restoration of the spoils system. It is the culmination of the 20-year effort to legitimate political control of the Federal service hiring process.

The centerpiece of the public relations campaign to win acceptance of the OPM plan is the direct recruiting and hiring of college graduates on the basis of grade point average. According to Director Horner, Federal agencies will now be able to pursue high quality candidates aggressively and with something concrete to offer, a job offer on the spot.

Direct hiring on the basis of GPA also supposedly promises to deliver morality, character, and ethics. In its congressional advisory, OPM stated that its new flexible approach to selection is a move away from the centralized hiring hall. What they failed to mention was that the hiring hall is being replaced by a decentralized Tammany Hall.

Within the range of an estimated 300,000 college students graduating each year with a 3.0 or above GPA, Federal agencies can pick and choose employees on any basis that serves their political or personal purposes. There is no requirement that a minimum number of applicants be interviewed for the job or any criteria for assessing the relative merits of the applicants. The scope of the recruitment effort could be limited to friends and associates of agency officials.

We are told that direct hiring will "enable recruiters to probe the more intangible aspects of human character that can only be measured by direct human contact." Agency officials can hire on the spot anyone with the minimum GPA who suits their fancy or is referred by a political party chairman, golfing partner, or relative. There are no mechanisms to prevent abuse of the recruitment and selection program. The legal requirement of an open, fair competition with an equal opportunity for all has been casually dismissed as an impediment to management flexibility.

While there is a second examination based approach to hiring which might meet merit requirements, the decision on which approach to use is entirely at the discretion of the agency. The principle of merit selection is now to become simply one of management options.

The potential for abuse under this program cannot be overstated. In a February 1982 monograph, the MSPB reported its findings on the incidence of prohibited personnel practices as observed by senior personnel officials. In order of frequency of reported observations: selection for job or job reward based on family relationship, 17 percent; an appointment to the Competitive Service made as a result of political affiliation, 9 percent; an attempt to influence a person to withdraw from competition for a Federal job in order to help another person's chances for getting the job, 6 percent. Further, fully 40 percent of personnel officials observed job-related decisions based on what MSPB generically terms "the buddy system." These reported abuses occurred within the confines of the competitive system and only can be expected to increase as OPM permanently dismantles the safeguards against such abuse in the hiring process.

The impact of abuse in the selection method is not limited to the point of hire. It shapes and defines the work relationship, creates a set of obligations unrelated to public service, and sends the unmistakable message to all other employees that merit is not the measure of the system. Hiring based on political patronage, nepotism, or favoritism percolates throughout the system and distorts all subsequent personnel actions and decisions.

Madam Chair, you are well aware of the deleterious effects of political patronage on the Senior Executive Service. We are supportive of your efforts in H.R. 2882 to limit political influence at the highest levels of Government management and to provide for a qualifications review board for the Senior Executive Service. H.R. 2882 contains in purpose the very same type of limits on the abuse of discretion in selection for the Executive Service that OPM plans to remove for more than 100 occupations at the professional and administrative level.

In 1978, the Carter administration dismissed our concerns about the potential politicization of the SES. We were told it simply could not happen. In 1988, we are being offered the same package of nonsense, and we are given the same smiling assurances that abuses won't happen. NTEU didn't buy it then, and we are not going to buy it now. We oppose the OPM plan and have filed a complaint in Federal District Court to stop its implementation for the simple reason that it is illegal and a violation of the public trust.

Direct on-the-spot hiring is not open, fair, or competitive. It does not provide an equal opportunity for all, nor is it based on an evaluation of relative ability. NTEU is not wedded to a particular procedure, method, or approach to achieve the principle of merit hiring. We support efforts to find creative and innovative solutions to recruitment and selection that are open, fair, and nondiscriminatory. We support all appropriate measures that are targeted to provide remedial relief for individuals and groups that have been victims of discriminatory intent or impact through the mis-operation of any selection procedure.

We are, however, committed absolutely to the principle of merit selection. It is time for OPM to stop posing solutions that are mere subterfuges to conceal its inability to conform with the language and intent of the law. There must be a recognition that selection to the Federal service is not a matter of agency discretion, it is a legitimate topic of public concern and must be conducted according to the dictates of public policy.

It is time to end the debate between merit hiring and partisan perversion of the public service. We must turn to the serious question of developing valid job-related and nondiscriminatory competitive selection procedures based on Merit Principle One.

Thank you very much, Madam Chair.

Mrs. SCHROEDER. Thank you very much, and we are very pleased that you would be here.

The obvious question is, it appears that the other unions and witnesses are more guarded and supportive of the plan. Are you right and are they wrong? Why are your normal allies not as outspoken as you are on this?

Mr. TOBIAS. Of course, they have to speak for themselves. I think the fact is that the plan is very clear. It allows for selection, as Director Horner says, on the spot. If you achieve a certain minimal qualification, you can be hired on the spot without regard to any other selection factor or criteria. I believe that violates the law in several aspects of the law. I believe it violates Merit Principle One, and there just can't be any questions about that. It is just clear and unequivocal.

Mrs. SCHROEDER. Are you opposed to the plan to recruit directly from colleges?

Mr. TOBIAS. I'm not opposed to recruiting directly from colleges. I think that the Federal Government, particularly through the past eight years, has been unable to recruit directly from colleges, and I think that one of the primary reasons for that is the Federal employee bashing that we have seen from President Reagan and Donald Devine initially in this administration. The failure to pay adequately, the failure to compete with the private sector, is now really coming home to roost to this administration, and rather

than facing up to those issues we see slick brochures as a way of solving the problem. People aren't going to be fooled by that.

Mrs. SCHROEDER. How do you think that the current proposal differs from the Outstanding Scholar Program?

Mr. TOBIAS. The Outstanding Scholar Program was developed, really, as a settlement in the Luevano case to offset the discriminatory impact from the PACE exam. Under those circumstances and on a limited basis and for a limited period of time, we don't have objections to solving a broad class action complaint, but what we object to is the putting in concrete a policy which would allow forever selection of people solely on the basis of grade point.

Mrs. SCHROEDER. If OPM and EEOC were much stronger monitors and auditors of the program and made sure that the kind of things you are worried about didn't happen, would you feel better? Is that your real complaint?

Mr. TOBIAS. I think that that is one of the complaints, and we certainly see how effective they have been from that survey that I cited in my testimony that MSPB did in 1982. One of the largest problems that Senior Executive Service people see is noncompetitive, non-merit selection. I think it is very difficult to discern, certainly very difficult to prove.

What we are talking about is the exercise of discretion, and we are saying under this plan if you receive a 3.0 or above, I'm vesting within you the total discretion to hire on whatever basis you perceive you want to hire on, and I don't see how you can monitor effectively if you have total discretion, because you can say, "Well, I exercised my judgment." Who am I to say that you are not exercising good judgment? That's not a violation of any law that you don't exercise good judgment.

Mrs. SCHROEDER. Except that nepotism would be a violation of the law.

Mr. TOBIAS. Nepotism would be a violation of the law.

Mrs. SCHROEDER. And if you were really aggressive and you found out that they were hiring from a political party registration, that would be a violation of the law. There are laws that would prevent a lot of the things that you are troubled by, and rightfully troubled by, but what I think I hear you saying is, you don't trust the oversight to make sure the laws are complied with.

Mr. TOBIAS. I don't trust that this administration, or virtually any administration, would spend the resources that would be necessary to monitor that. We can't get this administration to allocate the resources to pay people retirement checks, let alone monitor a sophisticated hiring program.

Mrs. SCHROEDER. Well, we thank you very, very much for being here, and as we try to uncover this we will stay in contact, and we appreciate your insight.

Mr. TOBIAS. Thank you very much.

Mrs. SCHROEDER. Thank you.

Our next witness this morning is Mr. James Peirce, again, a good friend of the committee who has been here many times. He is the president of the National Federation of Federal Employees.

Mr. Peirce, we appreciate your patience and your willingness to always come and add some insight.

STATEMENT OF JAMES PEIRCE, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. PEIRCE. Thank you, Madam Chair.

If it is all right, I will just summarize briefly.

I think all of us here today agree that there is a crisis in Federal hiring of dramatic proportions which must be addressed both quickly and correctly before the Civil Service sinks further into becoming the employer of last resort.

As Daniel Schorr noted in his June 30, 1988, column in the New York Times, increasingly, in these days of Watergate, Irangate, and Pentagate, "the Nation discovers how much it owes to the much aligned bureaucracy." We must find a way to attract the best and the brightest to Federal service by overcoming the twin disincentives of pay and hiring practices. We will leave the discussion of inadequate pay for another day and turn instead to the means of getting those who want to work for the current pay levels on the payroll as efficiently as possible.

While we commend OPM's intent in designing a substitute for the PACE exam that addresses both merit and equity, we have serious questions and reservations about the program. We are dismayed that OPM does not find it possible to provide us or anyone else with copies of the questions relating to the Individual Achievement Record, and since OPM claims that there are no right or wrong answers in this portion of the testing procedure we are, frankly, also surprised that the IAR is being kept secret.

We are surprised because we can see no reason to keep the questions secret. As we understand it, the questions only concern work experiences, work habits, self-evaluation, perception of evaluation by others, participation in extra-curriculars, and other questions of this type. We understand OPM's logic that answers to these questions by successful employees were then designated as correct answers. To our knowledge, the testing did not involve a controlled sample and could have been very subjective. This is very questionable.

We have no way to determine if a proper diversity of employees was chosen in the first place, and, to make matters worse, the base line sample was essentially self-selected. OPM gave all new hires the opportunity to complete the IAR questionnaire, but no one was forced to do so. In fact, approximately only one-half returned their forms to OPM, and since even more questionnaires had to be excluded because they were not matched with supervisor appraisals, the validity of the sample must be called into question because of self-selection as well as inadequate initial control.

We must consider the questions themselves. Since we have not seen the IAR, we remain unconvinced that what appears to be a character test can have any true correlation with job performance.

Madam Chair, I think our concerns with the IAR stem from the kinds of test the Government has tried to force on its employees lately and the direction in which these tests have been going. We have had proposals for lie detector tests, drug tests, and now a proposal for what must be regarded as a morality or character test. What employees think of themselves and how they think others

view them should not be a criterion for working in the Federal Government.

I think all of us here today who want the same thing, a reliable, effective, and fair means to attract qualified candidates to the Federal Government. However, there are too many unanswered questions surrounding OPM's proposal, and its apparent lack of validity will not allow us to support it at this time. Possibly, eliminating personality tests from the hiring procedures would be an important first step.

In short, there is nothing that we can see, from what we understand at least from OPM's briefing, that allows us to consider this as a valid means of addressing the big problem of getting good qualified candidates in the Federal Government in a fair and equitable manner.

Thank you, Madam Chair.

[The statement of Mr. Peirce follows:]

STATEMENT OF JAMES PEIRCE, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Madam Chair and Subcommittee Members:

On behalf of the National Federation of Federal Employees, which represents 150,000 Federal employees nationwide and in virtually every federal agency, we are happy to appear here today to discuss the Office of Personnel Management's proposed new testing procedure for approximately 100 different entry-level, GS-5 and GS-7 positions.

I think all of us here today agree that there is a crisis in Federal hiring of dramatic proportions which must be addressed both quickly and correctly before the civil service sinks into becoming "the employer of last resort." Some of the most important jobs in the country are performed by Federal employees and unfortunately, some of the individuals best skilled and trained to perform those jobs are entering the private sector instead.

As Daniel Schorr noted in his June 30, 1988 column in the New York Times, increasingly, in these days of Watergate, Irangate and Pentagate, "the nation discovers how much it owes to the much-maligned bureaucracy." We must find a way to attract the best and the brightest to Federal service by overcoming the twin disincentives of pay and hiring practices. We will leave the discussion of inadequate pay for another day and turn instead to the means of getting those who want to work for the current pay levels on the payroll as efficiently as possible.

While we commend OPM's intent in designing a substitute for the PACE exam that addresses both merit and equity, we disagree that the system they have proposed is the best possible for hiring entry-level employees. We have some serious questions and reservations about the program which we would like to share with the Subcommittee today.

The plan calls for an Outstanding Scholars program to which we have no objections at this time. All other individuals interested in obtaining an entry-level career position would take a two-part test. One portion will be a job-specific skill test and the second will be the 84-question Individual Achievement Record.

We will address the IAR first. We are dismayed that OPM does not find it possible to provide us or anyone else with copies of this portion of the test. And since OPM claims that there are no "right" or "wrong" answers in this portion of the testing procedure, we are frankly also surprised that the IAR is being kept secret. We are surprised because we can see no reason to keep the questions secret. As we understand it, they only concern work experiences, work habits, self evaluation, perception of evaluation by others, participation in extra curriculars, and other questions of this type.

We understand OPM's logic that answers to these questions by "successful" employees were then designated as "correct" answers, but we do not agree with this logic for three reasons. First, the selection of "successful" employees was done by supervisors, even if